Daily Report

Central Eurasia

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Terrorist Activity

Russia: Eight Policemen Taken Hostage in Chechnya

LD1602090896 Moscow ITAR-TASS in English 0847 GMT 16 Feb 96

[By Oleg Artyushin]

[FBIS Transcribed Text] GROZNYY February 16 (ITAR-TASS) — Eight Chechen government policemen were taken hostage after separatists attacked an oil well in the south-eastern outskirts of Groznyy which they guarded.

Secretary of the Chechen security council Ruslan Tsakayev told Tass on Friday that a shooting took place there. Numerous catridge shells from machine and submachine guns were discovered at the site of the clash. It is not known whether anyone was killed and wounded so far.

The fate of eight guards is unknown, but eye witnesses said that the militants had taken them away in three KAMAZ trucks.

So far none of the units of the militants had claimed resposnsibility for the hostage-taking.

Chechen separatists are currently holding estimated 80 hostages.

Russia: Negotiations on Exchange of Hostages, Rebels Continue

LD1502181596 Moscow Radio Rossii Network in Russian 1100 GMT 15 Feb 96

[FBIS Translated Text] Now about the events in Chechnya. Units of the federal troops there came under fire from Dudayev's detachments 20 times. According to a representative of the press service of the command of the united federal forces in the republic, two men were killed and four injured. There are no casualties among the servicemen of the Defense Ministry. The fate of the hostages held by Chechen formations is still unclear. Over to our commentator Vladimir Trushkovskiy.

[Trushkovskiy] On 16 February consultations must continue between the Chechen rebels and the Russian side on the release of 36 builders from Stavropolye and Penza held hostage. I will note that Magomed Zhaniyev, military prosecutor of the Dudayev government, said he was ready to exchange the builders only provided representatives of the federal authorities take part in future negotiations.

Chechen field commander Salman Raduyev also said he was ready to exchange 12 Novosibirsk policemen for nine rebels taken prisoner by the federal authorities in Pervomayskoye. However, Raduyev said that if in the next five to six days there is no exchange, he was ready to carry out another terrorist attack involving the seizure of hostages, end of quote.

Raduyev's statement has somewhat worsened the situation at the negotiations, especially in view of the fact that on the Russian side the process of the implementation of the exchange is somewhat stuck because of the absence of necessary mechanisms. This was stated by Ramazan Abdulatipov, chairman of the State Duma commission to promote the exchange of prisoners-of-war and hostages. In his view, the process of the exchange will be impossible until all issues are finally agreed by all the parties involved. Abdulatipov also said that the members of the three missions in Dagestan, Groznyy, and the southern areas of Chechnya are facing the task of working out a necessary exchange mechanism jointly with the bodies of the Interior Ministry and local power. Whether the officials of the missions and the leading bodies of power manage to carry out the task by the deadline set by Raduyev is still unclear.

Russia: Dagestanis, Chechens To Negotiate Hostage Release

LD1502143596 Moscow INTERFAX in English 1059 GMT 15 Feb 96

[FBIS Transcribed Text] GROZNYY, Feb 15 (INTERFAX) — The Dagestani authorities and Chechen separatists agreed Wednesday to discuss the release of 12 Novosibirsk policemen on February 16.

The Chechens keep insisting on the exchange of the 12 policemen for all the separatist forces captured by federal troops at the village of Pervomayskoye.

If the negotiating teams agree in principle to exchange the hostages for the captured separatists, a Dagestani government source said, they will meet again to decide where the exchange is to take place.

Seven of the eight captured separatists are currently held in Makhachkala. One has died of wounds.

The Prosecutor's Office is considering appropriate documents for dropping charges against the separatists and releasing them under a recently-proclaimed amnesty.

Russia: Dagestan Negotiators Leave for Hostage Talks

LD1602131396 Moscow INTERFAX in English 1030 GMT 16 Feb 96

[FBIS Transcribed Text] MAKHACHKALA, Feb 16 (INTERFAX) — Dagestani negotiators have left

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Makhachkala for the Chechen village of Novogroznenskiy where more talks on the release of 12 Novosibirsk policemen will be held with Chechen separatists.

The Dagestani delegation brings together national leaders and representatives of ethnic communities in the Dagestani parliament.

Agreement on the resumption of the hostage release negotiations was reached Wednesday.

The Chechens keep pressing for the exchange of the Novosibirsk policemen for separatist fighters captured by federal troops in combat action at the village of Pervomayskoye.

If the negotiating teams reach an agreement in principle Friday, the place for the handover of the captured forces will be defined at a later date.

The negotiations stand a good chance for success Friday now that the federal Prosecutor's Office has dropped criminal charges against the separatists who carried out a terrorist act in Kizlyar. The captured separatists are held in Makhachkala but are due to be released from custody. One of the eight captives has died of wounds.

Military Activity

Russia: Troops Face Growing Number of Attacks in Chechnya

LD1602130996 Moscow INTERFAX in English 1030 GMT 16 Feb 96

[FBIS Transcribed Text] GROZNYY, Feb 16 (INTERFAX) — The situation in Chechnya remains complicated. Fewer public rallies are being held but a growing number of fire attacks are carried out on federal troops, the press bureau of the interior troops told INTERFAX.

Federal servicemen rebuffed separatist attacks near the villages of Yuzhnyy Ishkhoy-Yurt, Shelkovskaya, Bamut and Orekhovo Thursday.

Three mortar attacks caused casualties among interior troops near the village of Novogroznenskaya, Thursday night. Moves are being made in a bid to determine where the attackers hold base.

First deputy commander of the interior troops Lieutenant- General Viktor Gafarov assumes that the Chechen separatists have intimidated the residents of Suvorov-Yurt, Nizhniy Suvorov-Yurt and Novogroznenskaya. If the federal and Chechen law and order bodies fail to persuade the separatists to put an end to combat action, a mopping-up operation may be carried out, Gafarov said.

Federal forces came under 25 fire attacks in the past 24 hours in Chechnya, including 10 in Groznyy.

Russia: Interior Ministry Detains Gunmen in Chechnya

LD1502184096 Moscow INTERFAX in English 1404 GMT 15 Feb 96

[FBIS Transcribed Text] GROZNYY, Feb 15 (INTERFAX) — Employees of the Russian Interior Ministry's temporary department in Chechnya detained ten gunmen, suppressed one firing point and confiscated two grenade launchers during operations on disarming illegal armed formations, the Interior Ministry press center told INTERFAX Thursday.

The situation in the capital Groznyy and in the republic as a whole remains tense and complicated. Supporters of separatist leader Dzhokhar Dudayev are preparing for "the memorial rally devoted to victims of the 1944 deportation" by bringing not less than 50,000 people to the place of the rally, according to the department.

Political Reaction

Russia: Yeltsin Says Chechnya 'Will Be Within Russia'

LD1602115096 Moscow ITAR-TASS World Service in Russian 1109 GMT 16 Feb 96

[By ITAR-TASS correspondent Andrey Shtorkh]

[FBIS Translated Text] Chelyabinsk, 16 Feb (ITAR-TASS) — Today in Chelyabinsk, Russian President Boris Yeltsin stated that he had made some mistakes over the five years of his work as president, "it is possible that Chechnya was one of them." "I have spent a number of sleepless nights wondering whether we could have acted differently," Yeltsin said at a rally at the pipe rolling works.

However, the president said that Dudayevites have broken agreements on more than one occasion and in doing so they proved that "it is impossible to come to an agreement with them, and force needs to be used against them to make them live in peace, and we will help them in this."

Yeltsin also noted that the Russian Federation "should be whole and undivisible" and stressed that "Chechnya should be and will be within Russia."

Russia: Yeltsin on Chechnya Anti-Terrorist Measures

LD1502172396 Moscow Russian Public Television First Channel Network in Russian 1500 GMT 15 Feb 96

[FBIS Translated Excerpt][passage omitted] [Ivanov] In the afternoon Boris Yeltsin had a discussion with the

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city's and region's authorities about the problems of the region. A little later he spoke about specific measures to resolve the Chechen crisis.

[Yeltsin] A powerful anti-terrorist center has now been set up by my decree under the ministry, under the security service. This is a powerful center which will be equipped to the teeth with equipment and everything. This will have people who have been trained at our special bases and who at any moment can be moved to any point in Russia to help those who are in trouble and who have got into the hands of terrorists.

That is one thing. And a second thing, of course, is to prevent the creation, that is, at present, to prevent conditions arising for the formation of these gangs. They must be split up, split up and split up into individual or small groups and the small groups should be picked up. At present every day about 40 to 50 people are being picked up in Chechnya. We are bringing them to book, to court, and then the court will decide. And we shall demand that the top men, Dudayev, Raduyev and Basayev; that these bandits should be handed over to us and they should be shot. [passage omitted]

Russia: Yeltsin Wants To Withdraw Troops to Chechen Borders

LD1602112296 Moscow ITAR-TASS World Service in Russian 1026 GMT 16 Feb 96

[FBIS Translated Text] Chelyabinsk, 16 Feb (ITAR-TASS) — "We want to withdraw the troops to the borders of the Chechen Republic," Russian President Boris Yeltsin stated in Chelyabinsk today. At the same time he stressed that if the Dudayevites do not calm down, the federal authorities will bring in troops again.

Speaking at a meeting at the Chelyabinsk pipe rolling works, the head of state described the actions of the pro-Dudayev militants as "international terrorism and banditry." Yeltsin noted: "If we fully withdraw the army from Chechnya the bandits will slaughter the peaceful population. They will not stop at that. They will move into Dagestan, Karachayevo-Cherkessiya and other republics of the Northern Caucasus and seize them. This cannot be permitted."

Russia: Gen Lebed Cited on Crimean and Chechen Separatism

LD1602001296 Moscow Russian Television Network in Russian 1905 GMT 10 Feb 96

[FBIS Summary] General Aleksandr Lebed was interviewed during a 45-minute program, entitled "If Tomorrow Comes" on this week's edition of "Top Secret." The program was narrated by Mikhail Markelov and begins with a review of last summer's bloody clashes between the Russian mafia — allegedly controlling Crimea — and the Crimean Tatars. The links between the Crimean Tatars and separatists in Chechnya were discussed and finally the less than successful operations to free hostages at Budennovsk and Pervomayskoye were reviewed.

General Aleksandr Lebed opined that the Russian armed forces were handicapped by the lack of a single command. In addition he stated that disagreements over the choice of route for an oil pipeline were the real reason behind the Chechen conflict.

[Announcer] Does the country really not have specialists, in the special services and the army, who can handle operations like those in Budennovsk and Pervomayskoye?

[Lebed] We have everything. Roughly a quarter of our country is involved. There are former servicemen in the airborne forces, the marines, the GRU's SPETSNAZ forces, the interior ministry's SPETSNAZ forces, the airborne forces' SPETSNAZ unit. We have everything. But....

[Announcer interupting] Then why can't we do anything?

[Lebed] All the power-wielding structures in our country currently operate with splayed fingers. If you want to hit somebody, you do it this way. [Lebed, a former boxer, displays a clenched fist] But our fingers are splayed. You have to clench your fist. All this used to be done by the General Staff but this function has now been removed. Nowadays the interior ministry operates independently, the army operates independently, SPETSNAZ forces of all possible kinds operate independently, the border guards operate independently. As a result we are breaking our fingers.

The announcer reviews the activities of the SOBR, a special rapid deployment detachment of the Interior Ministry's SPETSNAZ forces during events in Pervomayskoye. The lack of command, control and information was illustrated by the fact that the unit had to rely on Radio Mayak reports and were otherwise in a news and information blackout.

The deficiencies of the Pervomayskoye operation were discussed. The lack of ammunition; the lack of covering fire; the failure to liaise with Dagestan's own SOBR unit. The program plays a radio exchange during which a SOBR officer on the ground is heard begging a helicopter pilot to stop shooting at his men.

The program returns to the interview with General Lebed. He reiterates that the source of the Chechen conflict is associated with the pipeline and both he and

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the announcer blame lack of effort on the government's part as a significant element of the overall failure.

Russia: Grachev Favors 'Carrot and Stick' Chechnya Policy

LD1502153596 Moscow INTERFAX in English 1404 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russian Defense Minister Pavel Grachev is in favor of using carrot and stick methods in the efforts to reach a settlement in Chechnya.

Peace negotiations should be held with the "sober-minded people who determine the situation in Chechnya," he told journalists on Thursday outside Moscow. At the same time he said talks with just anyone must not be held.

He referred to Aslan Maskhadov and Shamil Basayev, who he said call themselves field commanders but "are in fact leaders of illegal bandit formations defying Russian laws, taking part in murders and robberies, seeking to spread the flames of war to the whole of North Caucasus."

Grachev stands for taking "resolute military measures against the illegal bandit formations, which fail to comply with the peace agreement and refuse to lay down their arms," he pointed out. "The bandits who kill, rob and rape must be destroyed," Grachev stressed.

Russia: Premier Holds First Session on Chechnya Settlement

LD1502184896 Moscow INTERFAX in English 1740 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russian Prime Minister Viktor Chernomyrdin held the first session of the commission on settlement in Chechnya Thursday morning, the government spokesman, Sergey Kolesnikov, told INTERFAX.

The commission was formed on a presidential order to find ways of resolving the Chechen crisis.

A draft concept for resolution of the Chechen crisis was presented to the commission members, who then discussed various aspects of the draft for three hours, Kolesnikov said.

The session was attended by Deputy Russian Prime Minister Vitaliy Ignatenko, Moscow-backed Chechen leader Doku Zavgayev, Chief of Staff of Russian Armed Forces Mikhail Kolesnikov, Russian Nationalities Minister Vyacheslav Mikhailov, Russian Interior Minister Anatoliy Kulikov, First Deputy Foreign Minister Boris Pastukhov, economist Gavriil Popov and writer Anatoliy Pristavkin, head of the Russian presidential commission on pardons.

The next session of the commission will be held next week, the government spokesman told INTERFAX.

Russia: Amnesty for Chechen Rebels Reported

LD1502205196 Moscow INTERFAX in English 1740 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russia's Prosecutor-General's Office decided to stop criminal proceedings against the Chechen group led by Salman Raduyev that carried out a hostage-taking raid on Kizlyar and Pervomayskoye last month, a senior prosecution officer told INTERFAX Thursday.

This decision is consistent with a State Duma resolution to amnesty the rebels, he said. The Russian Interior Ministry will fulfill the resolution, whose main condition is to exchange the rebels for Dagestani hostages, the officer said.

The amnesty will be cancelled if the Chechen separatists renege on their promise. The ministry will launch talks with the rebels on when and where to exchange the prisoners.

The amnesty of several rebels does not mean an end to the whole criminal case instituted on the acts in Dagestan, the source said. Raduyev and some of his accomplices are wanted by the federal police, he said.

They will face trial under articles 77 (banditry), 213, part 3 (terrorism), 126, part 1 (hostage-taking) and 102 (premeditated murder) of Russia's penal code.

Russia: Two Duma Missions Establish Themselves in Chechnya

MK1502142096 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 15 Feb 96 p 1

[Report by Yuliya Kalinina: "Deputies' Adventures in Mountainous Terrain"]

[FBIS Translated Text] The first commission to be created by the new Duma is that "on freeing the forcibly detained." The commission went to work right away by sending to Chechnya a delegation of four deputies in order to create a parliament mission down there. The mission is supposed to be a special little place, a room, or a detached little house with at least one deputy constantly on hand, a computer, a telephone, and some other communications facilities. Members of the mission will do work on both sides, organize exchanges, buy out prisoners from the Dudayevites, and send inquiries to the Ministry of Internal Affairs about

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the fate of those reported missing during the war in Chechnya.

There will be two missions. The one in Groznyy will be led by General Eduard Vorobyev, a deputy. The other mission, in the southern areas, on Dudayev's side, will be led by deputy Borovoy.

All has been smooth sailing as regards the mission in Groznyy. The Territorial Administration assigned a room for Vorobyev right away. True, the building is under repair at the moment, but if you clean up the room and put up a corresponding sign, it is possible to work there.

Things are not so easy with the "southern" mission. First, you need a vehicle to reach Dudayev. The Territorial Administration is happy to provide a vehicle, but it necessarily has to be accompanied by two guards armed with automatic rifles. It's a no-go without the guards. It has transpired from a discussion that the guards are really needed to keep an eye on the vehicle rather than the deputies, because "they have already stolen seven such jeeps." Borovoy, however, flatly refused to go to Dudayev accompanied by armed men, suggesting that the territorial chiefs shoot him right there on the spot to simplify things. The argument had some effect and, after a ten-minute heated verbal exchange, the armed guards were saved from sure death. They let Borovoy have the vehicle with no guards.

Next, communications gear had to be provided. The delegation went to Khankala to the military people. The road leading to the joint grouping's headquarters proved rough going even for the deputies. General Vorobyev was more than once pulled over at roadblocks by callow youths: "Who are ye? Stand back. Where is your papers?" [faulty speech as published] And they jerked up their automatics.

The deputies found that General Tikhomirov was away and turned to his deputy, General Kondratyev. After a warm and friendly chat, a portable radio transmitter was found for them. Its range of no more than 10 km makes it hardly of any use. It is, of course, not new, a bit dented and tattered, but it is a reliable model — these radios were a big help to us in the Great Patriotic War [1941-1945].

Borovoy was assigned a frequency which he forgot right away. He may never use it, though, because you can hardly use the transmitter for its purpose. It will rather remain a token of strong friendship between the deputies and the military.

Russia: Yakutsk Calls on Moscow For Talks to End Chechen War

LD1502184596 Moscow INTERFAX in English 1404 GMT 15 Feb 96

[FBIS Transcribed Text] YAKUTSK, Feb 15 (INTERFAX-EURASIA) — The House of Representatives of Yakutia, a republic within the Russian Federation, has urged the Russian parliament to initiate talks in a bid "to stop the bloodshed."

The Yakut parliament's lower house simultaneously adopted a decision on measures to protect draftees from Yakutia. The decision obliges Yakutia's government to scrupulously comply with republican legislation by which local conscripts must serve on the territory of the Baykal Military District.

Russia: Army Paper on Failed Groznyy Rally, Peace Process

MM1602092296 Moscow KRASNAYA ZVEZDA in Russian 15 Feb 96 p 1

[Report by Konstantin Petrov and Sergey Rostegayev: "Second 'Phase' of Dudayevite Rally Does Not Take Place"]

[FBIS Translated Text] Groznyy — The second "phase" of the rally in Groznyy, which the Dudayevites were counting on so much, clearly did not succeed. The road from Argun, from where the bulk of the demonstrators had previously come — "not for nothing," what is more — has been blocked off by a fortified checkpoint for more than a week now. The other routes are also under federal forces' control. In Groznyy itself in recent days only a few dozen people have displayed a willingness to continue the performance outside the former presidential palace. They were no longer calling the tune, of course, despite all their efforts.

Basically the situation in the republic remains uneasy, although the number of population centers willing to join in the peace process is growing with each passing day. The previous day agreements had been signed with the administrations in Shatoy, Gudermes, Novogroznenskiy, and Shali. The inhabitants of another 20 settlements, including Dachu-Barzoy, Duba-Yurt, and Varandy, also decided to stop confronting the federal forces. One is bound to say also that the field commanders are increasingly willing to make contact. According to republic head Doku Zavgayev, all this will contribute to the cessation of combat actions on the territory of Chechnya.

At the same time, the situation in the now "peaceful" settlements leaves much to be desired. The Dudayevites

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are unable to forgive their inhabitants their peace initiatives and are trying to wreck the newfound dialogue by means of provocations and shelling. All manner of methods is used, even the most foul, with Dudayevite "wolves" opening provocative fire on their compatriots. The peace people in Chechnya have so looked forward to comes at a price.

Russia: Official Reveals Economic Reasons Behind Chechen War

MK1602091896 Moscow KOMMERSANT-DAILY in Russian 15 Feb 96 p 3

[Report by Andrey Bagrov: "A War the Traumas of Which Cannot Be Cured"]

[FBIS Translated Text] Is there anything in Chechnya for the sake of which the whole country must fight to keep it, even by military force? Representatives of the federal government's economic departments prefer to leave this question unanswered even in private conversations.

When they talk about Chechnya's economy, they primarily mean its oil and transportation junctions. The industrial reserves of Groznyy oil, which have been developed for 102 years now, amount to 51,642,000 tonnes, whereas the aggregate prospected reserves total 378 million tonnes. The Fuel and Energy Ministry denies reports circulated recently that 60 percent of the reserves are located on the territory of Ingushetia: The proportion that exists in oil extraction (up to 14 million tonnes in Chechnya, 1,123,000 tonnes in North Ossetia, and 963,000 tonnes in Ingushetia) is also true of the reserves. Oil extracted at the 27 deposits before the war was processed at three refineries the potential output of which is 20 million tonnes. In 1994, only 1.3 million tonnes were processed.

As concerns Chechnya's transport capabilities, today the only thing of value is the oil and gas pipelines passing through the republic's territory. One of them — the Groznyy-Kropotkin-Tikhoretskaya line — are to become part of a new oil pipeline which will this year link Caspian deposits in Azerbaijan with the port of Novorossiysk. In fact, Caspian oil transportation is cited among the main reasons for the war. In the next 10 years the volume of oil transit is expected to be between 5 million and 7 million tonnes a year. With current oil transportation tariffs ($15.67 per tonne along the entire route), the revenues the Russian Federation can derive vary between $78 million and $110 million a year. In other words, the maximum sum of receipts in 10 years approximates the sum of hard currency credits ($1 billion) allocated in 1996 for rebuilding the economy of the Chechen Republic under a recent edict by Boris Yeltsin.

Even if these figures are added to the estimated value of oil which will be extracted on the territory of Chechnya in the next 10 years, the resultant sum will not exceed the funds that are to be made available to Chechnya from the federal budget this year alone.

"Of course, the best thing would have been to reach an agreement with Dudayev in 1994, thus avoiding war — guaranteeing to his gang a portion of the oil transit proceeds," believes a well-informed official at the Fuel and Energy Ministry, who back at the close of 1991 took part in negotiations with the Chechen leader. "The trouble is that he has always been just a crude soldier who does not know how to count money or human lives for that matter. There were people in his inner circle who would have readily settled for one-tenth of what we were ready to offer them. Unfortunately, they lost in the intrigue that went on in the presidential palace in Groznyy in 1991-1993." "Was it possible in principle to come to terms with the rebellious general?" "This was impossible in peacetime. But now, after what has happened, there can be no question about any agreements. Dudayev will seek to take revenge, and the oil pipeline will be the first thing he will destroy."

This, it should be noted, is not official Moscow's official position.

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CIS: Countries To Cooperate in Arms Production

LD1602104996 Moscow ITAR-TASS in English 1017 GMT 16 Feb 96

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW February 16 (ITAR-TASS) — Armaments for the anti-aircraft defence troops of the CIS member states will be produced on cooperation basis, and with easy terms, General Viktor Prudnikov, Commander-In-Chief of the Anti-Aircraft Defence Troops of Russia and Head of the Coordinating Committee for Anti-Aircraft Defence under the CIS Council of Defence Ministers, told Tass. According to Prudnikov, the Committee prepared a package of documents regulating the procedure for financing, placing and fulfilling orders for armaments and military hardware at the enterprises of the CIS member states, which were previously integrated in the military-industrial complex of the Soviet Union.

The documents envisage customs and tax privileges for the creation and improvement of the allied anti-aircraft defence system of the CIS member states. General Prudnikov believes that those measures will make it possible to restore more quickly the national anti-aircraft defence systems and improve their cooperation within an integrated CIS anti-aircraft defence system.

The Committee discussed matters dealing with the equipment and armaments for the system. Its session was attended by commanders of the anti-aircraft defence systems of Armenia, Belarus, Georgia, Kazakhstan, Tajikistan, Uzbekistan, Kyrgyzstan and Ukraine. In the opinion of General Prudnikov, the activisation of efforts, aimed at restoring a single anti-aircraft defence system, are a vital necessity for each of the CIS member states and for the Commonwealth of Independent States in general.

CIS: All Countries Report Slowing GDP Decline in 1995

MM1602122096 Moscow FINANSOVYYE IZVESTIYA in Russian 15 Feb 96 p 1

[Report by S. Mushkaterov: "Decline in GDP in CIS Slows" — received via Internet]

[FBIS Translated Text] Last year a slowing in economic decline was recorded in all the CIS member countries. The CIS Interstate Statistics Committee reported that in 1995 GDP on average in the CIS fell by 5 percent as opposed to 15 percent in 1994 while the level of industrial output dropped by 6 percent over the year as opposed to 23 percent in 1994. GDP fell by 17.2 percent in Azerbaijan, 10 percent in Belarus, 8.9 percent in Kazakhstan, 6.2 percent in Kyrgyzstan, 3 percent in Moldova, 4 percent in Russia, 12.4 percent Tajikistan, and 12 percent in Ukraine.

CIS: ITAR-TASS Carries Press Review for 16 Feb

LD1602061896 Moscow ITAR-TASS in English 0607 GMT 16 Feb 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW February 16 (ITAR-TASS) — Follows a review of Friday's Moscow-based newspapers dated February 16, which highlight the start of a presidential race in Russia.

ROSSIYSKAYA GAZETA on a strong politician's qualities.

"A strong politician should have five qualities: a keen political intuition, a sense of historical perspective, will-power, the determination to assume the highest responsibility, readiness to go against the stream, and ability to select a strong and well-concerted team," writes the newspaper's political analyst Alexei Kiva.

"Boris Yeltsin has all these qualities. Realistically, it is only he who may run for the presidency. He has got to bring to fruition the current reforms and lead the country to such a state of affairs when it will not be threatened with restoration of the old ways," Kiva points out.

ROSSIYSKIYE VESTI on Boris Yeltsin's decision to run for the presidency.

"Russian President Boris Yeltsin, speaking at a public meeting in Yekaterinburg on Thursday [15 February], stated that the time has come when it is essential for him to announce whether he will run for a second term.

"Having pointed out that he had taken counsel with his fellow countrymen, Yeltsin said the Yekaterinburg townfolk recommended him to take part in the presidential race. Upon having analysed the economic and political situation in the country and familiarised himself with the list of presidential contenders, Yeltsin arrived at a conclusion that it was necessary for him to run for the presidency in order to ensure a continuation of the reform policy."

IZVESTIYA on the nomination of two presidential candidates.

"February 15 saw two events, the inevitability of which practically no one doubted. In Yekaterinburg, Boris Yeltsin announced his decision to run for a second term while in Moscow his rival Gennadiy Zyuganov was nominated a presidential candidate at a conference of the Communist Party of the Russian Federation.

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"This seemingly chance coincidence as if emphasises: it is precisely these two figures that wil be the main contenders for a win in the presidential race.

"And although as of now 51 sponsoring groups of voters as well as electoral associations (according to ROSSIYSKIYE VESTI newspaper) have been recorded in the Central Electoral Commission and they all suggested presidential candidates of their own, it is obvious that two leaders, two irreconcilable forces entered into an open struggle on February 15, with each of them expecting to win and lead the country".

KRASNAYA ZVEZDA on the need for talks in Chechnya only with those who really champion peace and stability.

The newspaper carries an interview with Lieutenant-General Vyacheslav Tikhomirov, Commander of Federal troops in the Chechen Republic, who believes that negotiations in Chechnya should be held only with those "who really champion peace and stability".

"There are such people. They represent by no means Dudayev or Maskhadov with their entourage. Incidentally, their entourage have long been lacking unity of views. There is an unceasing struggle among them for a division of vital spheres and interests. If something is of benefit and convenience to them, they argue that it was they who suggested ot. If no, they dissociate themselves from that. Having lost the attention of the people, they try to pose even as go-betweens in negotiations, seeking to restore their erstwhile prestige... The time of such 'authorities' has gone and people are increasingly aware of that," Tikhomorov said.

FINANCIAL NEWS on scandal in the Committee on Precious Metals (CPM).

The newspaper quotes Ray Clark, Head of the Office of the South African De Beers Corporation in Moscow, as pointing out that "we hope that Mr. Bychkov (Chairman of the CPM—Note by ITAR-TASS) will attend a regular round of negotiations. If this not will be the case, then, in our view, the CPM has excellent experts on diamonds who will be able to deputise for him".

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Russia: U.S. Proposes FRY Leaders Meet With U.S., Russia, EU

LD1502211096 Moscow INTERFAX in English 1928 GMT 15 Feb 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — U.S. Secretary of State Warren Christopher has suggested to Russian Foreign Minister Yevgeniy Primakov that President Slobodan Milosevic of Serbia, President Franjo Tudjman of Croatia and President Alija Izetbegovic of Bosnia & Herzegovina should be invited to convene for a meeting with representatives of the European Union, Russia and the United States in Rome in the next few days.

Christopher made this proposal in a telephone conversation with Primakov Wednesday evening, Foreign Ministry spokesman Grigoriy Karasin said at a briefing in Moscow on Thursday. The diplomat said the initiative of the conversation came from the U.S. side.

Primakov approved the idea, considering the importance of problems connected with a settlement in Bosnia and the need to implement the Dayton agreements to be discussed at the meeting, Karasin stressed.

For his part, Primakov pointed to the need to conduct a meeting before February 20 between representatives of the countries involved in the Contact Group on the possibility of lifting sanctions imposed on the Serb Republic in Bosnia & Herzegovina.

Primakov pointed out that this issue is very urgent and important, and that all the obstacles on the road to its resolution have been removed, Karasin said.

According to him, Primakov also pointed to the need to hold another Contact Group meeting in Moscow in the near future.

The same day Primakov had a telephone conversation with the French Foreign Minister Herve de Charette, Karasin said.

"The key topic" of their conversation was settlement in Yugoslavia and the need to lift sanctions, the diplomat said. The two men agreed that, "considering the importance and urgency of these problems, the two countries' representatives at the United Nation must be in regular and constructive contact," Karasin said.

In reply to a question from INTERFAX he said there would be no rollback in Russian-U.S. relations, in particular in approaches to a settlement in ex-Yugoslavia.

Karasin referred to the statement made by Primakov last weekend after his meeting with Christopher that Moscow is determined to cooperate on an equal footing with the USA.

"This applies to bilateral relations and to joint approaches to regional problems, including the Bosnian settlement," Karasin said.

Russia: Agreement With NATO on Troops in Bosnia Expected

LD1502210696 Moscow INTERFAX in English 1928 GMT 15 Feb 96

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russia and the North Atlantic Alliance will soon sign an agreement on the Russian troops of the multinational peacekeeping force in Bosnia and pledge to refrain from holding each other responsible for financial losses in case of force-majeur developments in the course of Bosnian peacekeeping operations, a high-ranking source on the staff of the Russian Foreign Ministry told INTERFAX.

Appropriate consultations between Russian and NATO experts are almost over at NATO headquarters in Brussels, the source said.

The Russian leaders and NATO's General Secretary Javier Solana will be likely to exchange letters in a bid to seal the two agreements.

Russia is not the only country which has already sent troops to Bosnia but is yet to sign appropriate agreements with the North Atlantic Alliance.

The absence of these agreements fails to affect moves by the Russian peacekeepers in Bosnia, the Foreign Ministry source said. All problems are settled in good stride, as they come.

Russia: Primakov Advocates Lifting Anti-Bosnia Serb Sanctions

LD1502161496 Moscow ITAR-TASS in English 1549 GMT 15 Feb 96

[By Valeriy Sevryukov]

[FBIS Transcribed Text] MOSCOW, February 15 (ITAR-TASS) — Russian Foreign Minister Yevgeniy Primakov on Wednesday had a telephone talk with U.S. Secretary of State Warren Christopher, Foreign Ministry senior spokesman Grigoriy Karasin told a briefing today.

Primakov raised the need for a meeting, before February 20, of the five-nation Contact Group at the U.N. Security

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Council to discuss the lifting of the sanction against Bosnian Serbs.

Karasin quoted Primakov as saying that the sanctions issue "is of important and urgent character, and all obstacles to its solutions have been removed by now".

Primakov was also quoted to say that a meeting of the Contact Group in Moscow would be useful.

Also on Wednesday, Primakov discussed the sanctions issue in a telephone talk with French Foreign Minister Herve de Charette.

Russia: Duma's Lukin Cited on Lifting Sanctions Against FRY

LD1602125996 Moscow Russian Television Network in Russian 1100 GMT 16 Feb 96

[From the "Vesti" newscast]

[FBIS Translated Text] In a special statement today, the Russian State Duma has sharply criticised the arrest of the Serbian military officers in Bosnia.

The deputies think the arrest of the Serbian military officers is nothing but a provocation which in its turn could undermine the process of peaceful settlement in the former Yugoslavia. The deputies are convinced that NATO, is actually encouraging the unlawful actions of the Bosnian Muslims. The protest of the kind made by the State Duma does not at all imply that the people's deputies are against prosecution of those guilty of serious war crimes committed on the territory of the former Yugoslavia. However, the deputies are convinced that investigation of all such facts should be carried out in objective way and not turn into persecution of representatives of just one of the conflicting sides. In its resolution, the lower house of the parliament has decisively condemned the arbitrariness and unlawfulness committed against the Serbian officers and demanded their immediate release.

The deputies were also saying that it is time to lift the sanctions against the former Yugoslavia. However, no specific decisions were taken in the end.

[Begin Vladimir Lukin, chairman of the State Duma committee for international affairs, recording] If the agreements signed by NATO and the Americans themselves are not fulfilled in a matter of days, we shall take very serious measures. We shall, eventually, adopt yet another version of the law on lifting the sanctions unilaterally. Then, we shall also take a decision for our delegation to participate in the Federation Council sitting in order to convince them to do the same. And then we shall also be very actively asking the president, in writing or verbally, to sign the law this time. [end recording]

Russia: Russian Army Commander in Bosnia Recalled

LD1502183496 Moscow INTERFAX in English 1740 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Maj. Gen. Nikolay Staskov has done his job in Bosnia, said Col. Gen. Yevgeniy Podkolzin, commander of the Russian paratroopers, as an explanation of why his deputy was recalled from there.

Podkolzin told INTERFAX that he had recalled Staskov and sent another general to replace him in the course of the usual rotation of personnel.

All the appointments and movements of Russian generals, wherever they serve, are decided by the Defense Ministry, said Grigoriy Karasin, the official spokesman for the Russian Foreign Ministry, said in response to an INTERFAX question at a briefing in Moscow Thursday.

Unofficially, however, sources in the Foreign and Defense Ministries confirm that Staskov was replaced because of his December 1995 meeting with Bosnian Serb army commander General Ratko Mladic, who was declared a war criminal by the Hague International Tribunal on former Yugoslavia.

One source agreed that the meeting itself was essential to discuss the stationing of Russian units as part of the multinational forces in Bosnia but, intentionally or otherwise, the meeting with Mladic was turned into the latter's TV show.

Another source admitted that this event became an irritant in the relations with the United States and numerous other countries. "In this context it was decided to call Gen. Staskov back. This will have no adverse impact on his career," he said.

Russia: Duma Denounces Arrest of Serb Officers in Bosnia

LD1602111896 Moscow ITAR-TASS in English 1057 GMT 16 Feb 96

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, February 16 (ITAR-TASS) — The State Duma adopted a statement today, which denounced the arrest of two Serb officers in Bosnia. "The arrest of General Djukic and Colonel Krsmanovic and their sending to The Hague is a provocative action, which could undermine the peaceful settlement process in former Yugoslavia," said the statement. It pointed out that "the actual encouragement

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by NATO of the illegal actions of Bosnian Moslems is a demonstration of a dangerous return to the system of double standards in the approach of the West to the Yugoslav settlement."

Members of the State Duma recognise the need for finding and punishing those who are guilty of having committed grave war crimes on the territory of former Yugoslavia. However, all such facts should be investigates on an impartial basis, and the process should not be turned into the persecution of only one of the conflicting parties, the statement stressed.

The State Duma emphatically denounces arbitrary and lawless actions, taken with regard to the Serb officers, and demands their immediate release and unbiased investigation of the facts of war crimes in former Yugoslagia, "sticking to the principle of equal responsibility of all the conflicting parties for the illegal actions."

Russia: Yeltsin Commits 1,600 Troops to Bosnia Until 1997

LD1502154996 Moscow INTERFAX in English 1404 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russian President Boris Yeltsin signed a decree on sending a contingent of the Russian Armed Forces to participate in the peacekeeping operations aimed at fulfilling the framework agreement on peace in Bosnia and Herzegovina dated December 14, 1995.

Yeltsin resolved "to send a 1,600-strong contingent of Russian Armed Forces with appropriate military equipment, arms and property for participation in the peacekeeping operation up to January 31, 1997," says the draft decree handed to INTERFAX by the presidential press service.

Yeltsin commissioned the Russian military contingent to fulfill major tasks stipulated by the framework agreement on peace in Bosnia and Herzegovina in the zone of its responsibility, Bosnia's north-eastern part.

The Russian contingent will be subordinate to Colonel General Leontiy Shevtsov, deputy Supreme Commander on implementation of the peace agreement in Bosnia.

Yeltsin also commissioned the government "to ensure financing of expenditures related to participation of the Russian military contingent in the peace-making operation in Bosnia and Herzegovina, both in rubles and foreign currency."

Russia: Problems With U.S. IFOR Troops Possible Grounds for Recall

LD1502225996 Moscow NTV in Russian 1900 GMT 14 Feb 96

[FBIS Translated Text] [Correspondent] General Nikolay Staskov, deputy commander of the airborne assault troops, who commanded the Russian IFOR operation here on the spot, has left for Moscow. He was removed from his post without any official explanations. Nikolay Staskov appears to have suffered the same fate as the renowned General Aleksandr Perelyakin, who commanded the United Nations Sector East. Eighteen months ago Perelyakin was accused of collaborating with the Krajina Serbs, and though his guilt was not proven, Russia, under pressure from United Nations representatives, recalled him. Perelyakin's place was then taken by a Belgian general.

The same thing seems to have happened now with Staskov. According to some reports, at his negotiations in Moscow with Russian Defense Minister [Pavel] Grachev, the commander of NATO forces in Europe, who is in charge of the international IFOR operation in Bosnia, General George Joulwan, requested the replacement of the odious general who last December had a meeting with Ratko Mladic, who is wanted by the international community as a war criminal. The deputy commander of the airborne assault troops, who was at the time instructed to hold talks with the Bosnia Serbs about locating the Russian IFOR on their territory, is unlikely to have gone to that meeting without high level sanction from Moscow, even given that Mladic remains the only man whom the Serb army still obeys, and into whose barracks our troops have now moved without any incidents. Without preliminary talks with Mladic, which the Americans held at the same level with the Muslim military leaders, the Russian Federation troops would have had to go virtually fighting into Bosnia. Evidently, both Moscow and NATO were well aware of this. Moscow gave its agreement to the meeting with Mladic, and the Russian brigade, on time and without losses, occupied its Bosnian positions. Nikolay Staskov considers that he fulfilled his mission.

[Staskov] As soldiers, it is our duty to do this. The schedule for the redeployment of the brigade has been precisely agreed, and we took control of the area at the set time, D/45.

[Correspondent] He does not conceal that he had problems with the US IFOR command. The first time was when he refused to locate the headquarters of the Russian Federation brigade at the United States base in Tuzla. And then when the Americans still attached 30 of their own, Russian-speaking men to our brigade's post.

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General Leontiy Shevtsov, who commands the political part of the operation of the Russia IFOR from Brussels, also tried to find out their purpose, without success. He recently visited Serb Uglevik.

[Shevtsov] Just answer this question. Why are nine special-purpose troops and three artillery men needed? What is their task? That's what I want to know.

[U.S. officer] Our task is to help relations and actions between our headquarters and troops.

[Shevtsov] Well, I reckon we need to sort this out.

[Correspondent] Nikolay Staskov has flown to Moscow, making no comment on his dismissal from his post. General [Aleksey] Sigutkin, second deputy commander of the airborne assault troops, has taken Staskov's place. The officers of the Russian IFOR brigade are now saying that Russia has gone over to NATO terms. Staskov himself believes that he understood too literally the principles of the independence of the Russian brigade which Moscow proclaimed at the very start.

Russia: Presence of U.S. IFOR Troops at Hungary Base Questioned

MM1502182496 Moscow IZVESTIYA in Russian 16 Feb 96 p 3

[Report by ITAR-TASS correspondent Sergey Zhirinikhin: "Americans Have Come to East Europe To Stay"]

[FBIS Translated Text] The memorable phrase from the Vietnam War that America's boys would be back home for Christmas to taste roast turkey and mom's apple pie is not applicable to the limited contingent of U.S. peacekeeping forces in Bosnia. After completing their mission in the Balkans, U.S. Deputy Defense Secretary John White stated, they will stay in Europe for an indefinite period.

They will be stationed at the Taszar air base on the territory of the former CEMA and Warsaw Pact member Hungary, which is currently being used by the Implementation Force [IFOR] as a staging post.

The top U.S. official uttered this implausibly candid statement toward the end of his talks with Gyorgy Keleti, head of the Hungarian military department; moreover the remark was dropped apparently in passing, as though off the cuff, Sergey Zhirnikhin, ITAR-TASS correspondent in Budapest, told IZVESTIYA by telephone.

It would appear that John White has decided to take the opportunity to carry out a reconnaissance in force and sound out reaction to the prospect of American troops' being stationed on the territory of a state which has only just applied to join the Atlantic alliance but which has not yet formally become a full member of it.

The stipulation that such a development "is not ruled out" is to be explained by a desire to keep a retreat route open for himself. But after all, whatever is not "ruled out" is to be considered highly probable.

Budapest's decision to grant the Americans the right as of 1 March to test the fire capabilities of their combat helicopters on test sites in Pest Megye and Veszprem Megye will also serve as a step toward consolidating the presence of foreign troops in Hungary.

Some of these target ranges and test sites, we are informed by our source in the Hungarian Embassy in Moscow, were built by Soviet specialists for the needs of the Southern Group of Forces. Theoretically, he added, since we have switched over to market relations, the Americans will have to pay for these services.

It is also known that the Americans are giving money to modernize the flight control system, which, according to G. Keleti, will shortly conform to the usual standards and requirements of the NATO states.

Following John White's statement, many questions remain. For example, what will be the character and size of the U.S. contingent whose location in Hungary is "not ruled out"? Will this not encroach on the Treaty of Vienna, which defined the sublevels of conventional forces and weapons in Europe? On the basis of what directive or edict will the American GI's stay there, seeing that the Hungarian parliament's decision links their current presence only with the need for "training and relaxation" while performing their peacekeeping mission in Bosnia?

White said that the Americans will be "a NATO subdivision." Does Budapest intend to confer this status on them?

Russia: Russian, French PM's Discuss Cooperation, Investment

LD1502203496 Moscow ITAR-TASS in English 1827 GMT 15 Feb 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, February 15 (ITAR-TASS) — Russia's Viktor Chernomyrdin and France's Alain Juppe on Thursday admitted that at the current stage, cooperation between the countries was less developed than it could be, given the sides' economic potential and place in the world economy.

The premiers spoke when opening a founding conference of a commission for bilateral economic cooperation in Moscow.

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Prime Minister Juppe noted, however, that major obstacles to cooperation were instability of Russia's legal, tax, and banking systems, problems with movables and immovables, and the fact that Russian economic laws were not retroactive. He referred to a general consensus on this issue now existing among French operators on the Russian market.

Also on behalf of French businessmen, Juppe regretted that it was dificult to ensure profitability of investment, the more so because of a great number of mediators they were to contact to push ahead with a project.

Touching upon foreign investment in Russian economy, Chernomyrdin stressed that, as of today, it was lower than Russia needed and could absorb. He said that so far, Russia has accumulated only seven billion dollars of foreign contribution.

The Russian premier said that the cabinet set forth the task of annually doubling the amount of investment coming from abroad up to the year 2000. He reaffirmed that the Russian reform will be extended to the future and that the President and the Constitution will be guarantors to it.

After the session, the premiers are to sign five major agreements on bilateral cooperation. It is already known that the documents will deal with energy supplies, computer technologies, and environment protection. It is also planned that the sides will formally agree on providing Russia with a new tranche of French loans, worth up to four billion franques, which will partly be used to finance the Russian fuel and energy complex.

Russia: France's Juppe Hopes To Set Up Business, Economic Links

LD1502203196 Paris France-2 Television Network in French 1900 GMT 15 Feb 96

[FBIS Translated Text] Prime Minister Alain Juppe is on a business trip in Moscow accompanied by about 30 prominent French businessmen. This afternoon he signed five agreements which will boost trade ties between Russia and France. Carole Caumont and Georges Hansen report:

[Caumont] The visit's main goal was to boost economic links between Russia and France. Following Jacques Chirac's example in the United States, Alain Juppe came here with about 30 businessmen to sell French industry.

[Juppet] France wants to have a special relationship with Russia. We already have it at a political level and I want the same to happen at an economic level.

[Caumont] The prime minister and his counterpart, Viktor Chernomyrdin, officially set up a new economic committee between the two countries. The news is that Russian and French businessmen will put in direct touch and this will help expanding business. Juppe was in Bonn three days ago and here today. After nine difficult months as prime minister, Alain Juppe has clearly decided to start doing again what he did so well when he was in the Balladur cabinet: be foreign minister.

Russia: France Supports $9 Billion IMF Credit to Moscow

LD1502203696 Moscow ITAR-TASS in English 1940 GMT 15 Feb 96

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, February 15 (ITAR-TASS) — France is backing Russia's intention to obtain a nine billion-dollar credit from the International Monetary Fund (IMF) this year.

"We are hoping that the talks which Russia is conducting with the IMF now, will be a success in the near future," French Prime Minister Alain Juppe, who is currently on an official visit to Russia, told a news conference held at the Moscow President Hotel today.

He noted that France would like Russia to occupy a worthy place also in other international organisations. "We are backing Russia's entry into the World Trade Organisation as an equal member," he said.

At the news conference in which Prime Minister Viktor Chernomyrdin participated, and which was devoted to the results of the Constituent meeting of the intergovernment commission for economic cooperation, both sides noted the "frank and free character of the discussion."

According to Alain Juppe, the sides managed to overcome a number of difficulties in the legal, administrative and bookkeeping plans on joint projects at different stages of their implementation.

Both premiers stressed that "economic and scientific and technical bilateral cooperation continues to lag behind political ties and does not correspond to the potential possibilities of Russia and France."

Russia: Chernomyrdin on Cabinet's Economic Goals for 1996

LD1502190296 Moscow INTERFAX in English 1740 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — The main task of the Russian Cabinet is to make 1996 the first year of economic growth, Prime Minister Viktor Chernomyrdin told a Thursday session

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of a Russian-French commission for economic and scientific cooperation, held in the framework of talks between government delegations led by the prime ministers of the two countries.

Chernomyrdin named steps encouraging industrial growth and stimulating both domestic and foreign investments as key elements of the government economic policy this year. The ultimate objective of this policy is the formation of a favorable investment climate in Russia, he said.

The prime minister said foreign investments in the Russian economy amount to $7 billion, which in his opinion is "extremely little and does not correspond to either the size or potential of this country."

In this context, he said, the cabinet hopes to double foreign investments every year until the end of the century. This year, the objective is $4 billion, Chernomyrdin added.

A favorable investment climate is a principle which cannot be given up under any circumstances, he said.

He said trade and economic relations with France do not fully meet the capacities or needs of the two countries, and stressed that one of the fundamental directions of the commission's efforts is the promotion of Russian goods in the French market.

Chernomyrdin and his French counterpart Alain Juppe are expected to sign a joint declaration on Thursday evening.

The Russian official said the commission will meet again in autumn.

Russia: French Premier Reiterates Position on Chechnya

LD1502155096 Paris France-2 Teletext in French 1459 GMT 15 Feb 96

[FBIS Translated Text] French Prime Minister Alain Juppe, who is currently visiting Moscow, said on 15 February that "There was no solution in Chechnya other than a political one. Any acts of violence such as hostage-taking or the use of armed forces from either side will lead to a stalemate."

Juppe is expected to have a phone conversation with President Boris Yeltsin to repeat this position.

Russia: French PM Discusses Cooperation With Tatar Leaders

LD1602093696 Moscow ITAR-TASS in English 0904 GMT 16 Feb 96

[By Valeriy Sevryukov]

[FBIS Transcribed Text] MOSCOW February 16 (ITAR-TASS) — Concluding his stay in the Russian capital, French Premier Alain Juppe flew on Friday morning to Kazan where he will continue his first official visit to Russia. He will meet with leaders of Tataria to discuss economic problems.

There are, specifically, plans to discuss joint projects in oil refining, expansion of the telephone network, manufacturing of heavy helicopters, ensurance of air traffic safety, modernisation of the processing of farm produce. In addition, Alain Juppe will open in Tatarstan's capital a centre of the French language and culture and will meet with teachers and students of Kazan university.

On Thursday the French Premier had negotiations in Moscow with Russian Prime Minister Viktor Chernomyrdin. The fruitful dialogue of the sides has resulted in instituting a Russo-French intergovernmental commission for economic cooperation. Five major agreements were also signed. They envisage cooperation in the sphere of energy carriers, computer technologies, environmental protection, as well as the opening of a new line of French credits and financing of the Russian fuel-and-energy complex.

"The negotiations in Moscow and Kazan with the participation of French business people hold a promise for a new upsurge of economic relation between France and Russia," Alain Juppe said at the Kazan airport on Friday.

Russia: Results of Juppe Moscow Visit Evaluated

MM1602135096 Moscow FINANSOVYYE IZVESTIYA in Russian 15 Feb 96 p 1

[Report by Aleksey Portanskiy: "Chernomyrdin and Juppe Faced With Plenty of Work To Tackle Accumulated Problems" — received via Internet]

[FBIS Translated Excerpt] The main topic of French Prime Minister Alain Juppe's visit that began Wednesday [14 February] is the revival of Franco-Russian economic relations. [passage omitted]

However, the most positive result of the visit can hardly resolve at a stroke the problems, primarily economic problems, that have built up between our two countries.

Paris is showing itself to be fairly active in Russia's currently developing cooperation with the EU, particularly as an opponent of Moscow. Thus, at least three of

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the most important antidumping procedures employed against Russia by the EU Commission in recent years (those pertaining to calcium metal, magnesium, and calcium chloride) were inspired by French companies with government backing. The introduction of quantitative quotas on Russian aluminum exports to the EU in 1993, which came as a surprise to Moscow, directly involved the interests of the French firm Pechiney.

Despite the fact that compromise was reached after great efforts on both sides in the trade in nuclear materials, our experts think that in the near future Moscow will have to consider the European Commission's proposal regarding voluntary restrictions on sales of nuclear materials. The main interested party in this issue on the European side is the French company COGEMA. However, an endeavor to impose voluntary restrictions on Russia in this sphere would contravene the Energy Charter treaty signed with EU and France, which proclaims freedom of trade in energy sources, including nuclear materials.

Moscow has not so far won the promised access to the European space launch market — the relevant draft agreement with the EU has been shelved for three years. Its lack of guarantees that Russia will indeed be able to avail itself of its launch quotas is largely due to the position taken by France.

The ban on Russian exports of canned fish products to France, which was imposed by Paris with no lucid explanation, has been in force since October. However, it was not lifted as promised after Moscow provided the required additional information.

Lastly, Paris is showing the greatest restraint compared with our other Western partners when it comes to recognizing Russia as a country with a market economy, without at the same time denying the results of our reforms.

Russia: Reporter Accused of 'Slander' in DPRK Defector Case

LD1602094596 Moscow ITAR-TASS in English 0924 GMT 16 Feb 96

[FBIS Transcribed Text] MOSCOW February 16 (ITAR-TASS) — ITAR TASS correspondent in North Korea, Ivan Zakharchenko, who was the only source of information on the incident with the armed asylum-seeker in the Russian embassy compound, was summoned to the North Korean Foreign ministry on Friday [16 February] where he was accused of "slander" and "instigating hostile forces towards a slanderous campaign against the Democratic People's Republic of Korea".

An official of the Foreign Ministry said the defector, who was initially reported as killed or having committed a suicide, was "alive and confessed that he had not requested a political asylum in Russia, but had staged his actions in conditions of mental disorder".

The official also said that the defector had committed murders and, according to the criminal code, had violated international norms by his armed intrusion into the territory of a foreign state.

However, the official failed to confirm his statement that the defector was alive either by disclosing his whereabouts or by identifying him.

On Thursday a councellor of the North Korean embassy in Moscow visited ITAR-TASS headquarters and also told the Editor-in-Chief of the agency that the intruder had not requested political asylum and that such statements were "insulting to the Korean people".

In the meantime, councellor of the Russian embassy in Pyongyang Pavel Yakovlev, who held talks with the 25 year-old defector identified as Cho Menh Gil, confirmed to TASS that the intruder had requested political asylum in Russia. He also rejected the "mental disorder" version.

"He was in sound reason, had a high intellect, behaved unaggressively and even benevolently", Yakovlev told Tass.

Russian diplomats in Pyongyang express hope that the incident would have no negative consequences for the bilateral Russian-North Korean relations.

"The linking of the incident to consequences for the Russian-Korean relations is completely absurd in itself", a Russian diplomat told TASS.

Russia: Pyongyang Embassy Incident Detailed, Sources Cited

MM1502164896 Moscow IZVESTIYA in Russian 16 Feb 96 pp 1, 3

[Report by Yevgeniy Bay and Gennadiy Charodeyev: "Armed, Dangerous, Shot Dead. Or Did He Shoot Himself? Incident at Russian Trade Mission in Pyongyang Leaves Too Many Questions"]

[FBIS Translated Text] "Neither confirmed nor denied" — this formula is increasingly resorted to by staffers of official departments who need to comment on a particular conflict situation. Unfortunately, the incident in Pyongyang, which began Wednesday and ended in bloody drama just 24 hours later, is no exception.

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There are very few foreign embassies in the North Korean capital and virtually no foreign correspondents' centers. For 24 hours telegrams from Ivan Zakharchenko, ITAR-TASS correspondent in Pyongyang, served as the sole source of information for the whole world. It was he who broke the news that a North Korean citizen armed with a pistol had penetrated the territory of the Russian trade mission Wednesday.

Later it was learned that he was a 25-year-old sergeant in the DPRK Internal Troops by the name of Cho, who had received higher education in Czechoslovakia. But the most menacing thing in the report was the fact that the violator had shot dead three of his own colleagues and injured one when forcing his way into the trade mission.

The following telegram arrived from Pyongyang Thursday morning. The armed deserter, it stated, had been shot dead during the operation to render him harmless.

An embassy spokesman, who wished to remain anonymous, reported that "the operation was prepared very carefully over virtually the entire 24-hour period. All staffers of the embassy and the trade mission were mobilized."

It is a pity we were unable to find out how the Russian mission's staffers were mobilized. Were they issued with weapons? Were they ordered to isolate the terrorist?

One thing there is no doubt about: Staffers of the North Korean special services were admitted to the trade mission's territory. Knowing well the methods used by that country's "law enforcement organs," we can be in no doubt that they conducted no negotiations with the defector but, most likely, simply shot him dead. As one of the previous ITAR-TASS reports stated, with a bullet in the head, from behind.

At midday, however, we learned from well-informed sources that the violator, so it turned out, had shot himself (the previous day G. Karasin, leader of the Foreign Ministry Information Service, had declared that soon after penetrating the trade mission's territory this person apparently no longer had a weapon).

Embassy staffers do not confirm, but neither do they deny, the fact of his death, although the body was removed to an unknown destination, and traces of blood were left in the room where he had been hiding.

Midway through Thursday, even before the official briefing, we managed to obtain the Foreign Ministry's version. The North Korean citizen who penetrated our territory was reckoning on Russia's protection and on securing political asylum, Karasin told IZVESTIYA. But since he had confessed to the crime committed the day before (the killing of three special services staffers), the question of granting asylum eliminated itself.

Karasin also said that Russian diplomats had asked the unknown man to surrender to the DPRK authorities voluntarily, but he had refused. After this, with the ambassador's permission, the North Korean special services carried out the operation to render him harmless. There was no exchange of fire in the trade mission building.

The Foreign Ministry supports the Russian Embassy's version that the criminal shot himself. But Karasin admitted that there is another version from Western media, particularly CNN TV, according to whose data he was murdered.

According to a statement by the DPRK Embassy in Moscow, the serviceman who penetrated the territory of the Russian trade mission was a criminal and abnormal. So, a criminal or abnormal?

Most likely, we will never learn the truth. Nor the answer to the following question: Why did the embassy (given the earlier report that "the criminal is behaving calmly and has no weapon") allow representatives of the host country's special services onto its territory, why were negotiations not conducted, and why were the identity and the demands of the asylum seeker not carefully established, as the embassy of any Western country would have done. In anonymous comments our diplomats hide behind the fact that Russia and the DPRK have a convention on the extradition of criminals and also behind international treaties which make the protection of an embassy mainly the responsibility of the host country's authorities. Only then, having ascertained that we have no intention of printing their names, do they add for their own part: "Well, in general, of course, the shooting on the mission's territory is a scandalous incident."

Russia: ROK-Japan Dispute Over Tokto Island Reported

SK1502145596 Moscow Voice of Russia World Service in Korean 1200 GMT 15 Feb 96

[FBIS Translated Text] The ROK has begun military exercises around Tokto Island in the East Sea [Sea of Japan]. According to a spokesman for the ROK National Defense Ministry, the major purpose of this military exercise is to prevent a simulated enemy from landing at the port. Warships, fighters, and helicopters have been mobilized in the military exercise.

A Japanese patrol boat appeared on the high seas near Tokto on 14 February, but later withdrew at the ROK Foreign Ministry's request.

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The ROK and Japan have territorial disputes over Tokto Island. The dispute over the ownership of the island has become more acute since Japan tried to maintain a 200-mile exclusive economic zone.

Russia: Negotiations With Japan Begin on Kuril Fishing Rights

LD1502195296 Moscow ITAR-TASS in English 1929 GMT 15 Feb 96

[By ITAR-TASS correspondent Andrey Varlamov]

[FBIS Transcribed Text] MOSCOW, February 15 (ITAR-TASS) — The fifth round of the Russian-Japanese negotiations on cooperation in commercial fishing in Southern Kurils will be held in Tokyo on February 20-21, Foreign Ministry spokesman Grigoriy Karasin said at a briefing on Thursday.

A preliminary agreement to start this dialogue was reached in 1994 when Russia's first vice-premier Oleg Soskovets visited Tokyo.

Earlier, both sides agreed to not disclose the agenda of the coming meeting.

Aleksandr Panov, Russia's deputy Foreign Minister told ITAR-TASS in a recent interview that Moscow and Tokyo are likely "to work out basic parameters of the agreement" on cooperation in fishing in Southern Kurils already this year."

Asdie from Russia's Foreign Ministry, taking part in the negotiations will be representatives of the State Committee on Fishing and the Federal Border Patrol Service.

Japan's delegation will comprise officials from the Ministry of Foreign Affairs, the Ministry of Agriculture, Forestry and Fisheries and the Marine Security Agency.

Russia: Settlement Protocol Finalized on Abkhazian Conflict

LD1502185996 Moscow INTERFAX in English 1740 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — A protocol on settlement of the Georgian-Abkhazian conflict has been finalized in the course of the Russian-Abkhazian consultations held in Moscow since January 30, Abkhazian leader Vladislav Ardzinba said at a news conference in Moscow.

Ardzinba emphasized that for the first time, Abkhazia is prepared to create a federation with Georgia. He said this was a great step Sukhumi has made towards a peaceful settlement of the conflict. He explained that this would not be a classical type of federation. The new arrangement would include a joint national border, joint activities in six spheres and the possibility of setting up joint authorities.

"This is the maximum we can agree to. We will not be downgraded to an autonomous region," Ardzinba said.

Ardzinba does not expect the debate of the protocol in the Abkhazian parliament to be easy, despite the fact that "it contains elements of both federation and confederation," because most MPs would not agree to tighter links with Georgia.

"The proposed draft protocol is my personal decision and I am prepared to face difficult questions in Abkhazia," he said.

The signing of the protocol should be followed by that of a treaty, he believes. Ardzinba said he is prepared to meet with Georgian President Eduard Shevardnadze "on neutral ground" to discuss all issues in the settlement of the conflict.

Russia: Georgian Envoy Notes Change in Abkhazian Position

LD1502211296 Moscow INTERFAX in English 1928 GMT 15 Feb 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Vazha Lordkipanidze, the Georgian ambassador to Moscow and chief negotiator in the talks with Abkhazia, said at a briefing in Moscow Thursday that certain changes have occurred in the Abkhazian negotiating position.

These include, he explained, the very fact that the Abkhazian leader Vladislav Ardzinba arrived in Moscow and said that he is prepared to work for settlement.

Even though the Abkhazian proposals mention federation, they amount to going back on all earlier understandings, Lordkipanidze emphasized. Sukhumi insists on a confederation in which Abkhazia and Georgia would be equals while Tbilisi is still prepared to transform Georgia into a federation with Abkhazia given the broadest powers possible within it.

Lordkipanidze said that, because they are idle, the peacekeeping units in the conflict zone are showing signs of decline. He called for amending their mandate and entrusting them with police functions.

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Russia: Agenda for Primakov's Tashkent, Almaty Trip Discussed

MM1502163396 Moscow ROSSIYSKAYA GAZETA (Weekend Edition) in Russian 16 Feb 96 p 4

[Article by Mikhail Shchipanov: "Asia on the Minister's Calendar"]

[FBIS Translated Text] The coming week will be marked by a further confirmation of the special significance the Foreign Ministry currently attaches to the development of priority links with the countries of nearby foreign parts. Russian Foreign Minister Ye. Primakov will visit Almaty and Tashkent in order to hold a practical on-the-spot discussion of possible options for an inter-Tajik settlement.

A sea change is taking place in Smolenskaya Square. The status of first deputy minister has just been conferred on Pastukhov — he will be in direct charge of affairs in the near abroad. Not long ago no specialist in this area of vital importance to Moscow had this honor. Now we are about to see the second "dash to the south" in a month — clearly not the last. Yevgeniy Primakov is again bound for Tashkent and for Almaty. To visit these two states, which are jealously upholding their primacy in the Central Asian region, as part of a "package" is actually extremely logical from the viewpoint of our strategic interests in our own "soft underbelly." It is risky displaying a preference for one of them.

But this time the "package tour" will have a different background and subtext — the situation in Tajikistan and ways of finding a compromise settlement. All countries involved in one way or another in the situation in what is the only non-Turkic-speaking country in Central Asia are currently worried about the possibility of Afghanstanization of Tajikistan, whereby the conflict will get out of control — every man for himself and God alone against everyone. But following the start of the new offensive by opposition forces and the split that has emerged amid the ruling class this prospect is becoming a frightening reality. The growing influence of those unsettled neighbors, Iran and Afghanistan, on the situation in Tajikistan must not be discounted either.

That is why the Russian minister has to agree on a possible plan for a joint demarche by the three states vis-a-vis Dushanbe. Remember that Russia, Kazakhstan, and Uzbekistan are maintaining a multinational peacemaking force in Tajikistan and President E. Rakhmanov is in terror of its withdrawal, knowing that his position at the talks with the opposition would then be seriously weakened. And it is not actually a matter of military force, but of guaranteed support from neighboring countries which remain at the moment as it were committed to the government side. Meanwhile, opposition representatives are full of statements which essentially boil down to one thing: No government of the country can get by without stable relations with Russia, to which the entire Tajik economy is tied, but the conflict is none of Moscow's business, it is an inter-Tajik quarrel.

So Russia has clearly acquired considerable room to maneuver in Tajik affairs and effective means of encouraging President Rakhmonov to be more amenable and inclined to compromise. As for Tashkent and Almaty, Uzbekistan traditionally has considerable influence in the republic, in which Uzbeks constitute nearly one-fourth of the population, while Kazakhstan by definition cannot allow itself not to be involved in the settlement of a regional conflict. What a great regional power it will be after this!

In short, the sides have the will and their own conscious interests. They merely have to be given an acceptable diplomatic form. But the process must not be rushed, since the rapidly changing situation at the front in the Pamir foothills could be adjusting the context of the talks in Dushanbe on an ongoing basis. Moreover, Russia, which has announced several Chechen settlement options, needs to create a precedent for its effective peacemaking in other regions. It is, in a way, an integrated unified process, and it is important that it gets under way....

Russia: Krylov: Moscow Will Protect Russians in Estonia

LD1502225896 Moscow INTERFAX in English 1958 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — The protection of interests of every Russian citizen and all Russian-speaking people in Estonia remains the main task of the Russian policy in Estonia, Deputy Foreign Minister Sergey Krylov declared in Moscow. He was receiving the head of the Union of Russian Citizens in Tallinn Petr Rozhok, who was deported from Estonia.

During the Tuesday meeting with Rozhok, Krylov voiced the determination of the Russian side "to continue resolutely reacting to the persecution of our compatriots and taking necessary adequate steps," a ministry spokesman told a Thursday briefing.

The spokesman said Moscow's concern about the position of Russian retired army officers in Estonia had been expressed to Uwe Marenholz, the OSCE representative on the Estonian government commission examining applications for residence permits from retired officers, during his recent visit to Moscow.

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Russia: Yeltsin, Grachev Mark Afghan Withdrawal Anniversary

LD1602120496 Moscow ITAR-TASS World Service in Russian 1717 GMT 15 Feb 96

[FBIS Translated Excerpt] Moscow, 15 Feb (ITAR-TASS) — The Afghan war affected the fate of many Russians, especially those who took an immediate part in it, says an address by Russian President Boris Yeltsin which he sent today to participants in a commemorative evening to mark the day of the withdrawal of troops from Afghanistan. History cannot be written in just one color — black or white — it is much more complex. Our admiration for the courage of our officers and men who, despite the complex and contradictory nature of the situation, acted selflessly and worthily fulfilled their military duty, remains unchanged. Everything must be done to ensure that the flame of military conflicts never again affects any of the Russian people.

The entry of Soviet troops into Afghanistan was an erroneous step which brought tremendous harm to both states. The war in Afghanistan contributed in no small way to intensifying the confrontation between the various sociopolitical forces in the country and exacerbating the many other negative phenomena which in the final analysis led to the break-up of the USSR. This was stated today by Nikolay Yegorov, head of the Russian president's administration, in the Great Kremlin Palace at a commemorative evening to mark the seventh anniversary of the withdrawal of Soviet troops from Afghanistan. Now is the time to resolutely reject any further deglorification of the various stages of Russian history, including the exploits of Soviet servicemen in Afghanistan.

A group of servicemen who excelled themselves in disarming illegal armed formations in Chechnya were decorated at the meeting. "As minister of defense I wholeheartedly thank all those soldiers, officers, and generals on whose patriotism, devotion, toughness, and tolerance our army essentially depends today," said Pavel Grachev at the meeting. [passage omitted containing description of memorial unveiled at ceremony in St.Petersburg, wreaths laid in Novosibirsk]

Russia: Presidential Staff Head Addresses Afghan War Meeting

LD1502225496 Moscow INTERFAX in English 1958 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Attitudes to the decision of the Soviet leadership to send troops to Afghanistan can differ, but it is for future generations to pass the final historical verdict on the Afghan tragedy, head of the presidential staff Nikolay Yegorov said at a Moscow meeting on the anniversary of the Soviet troop withdrawal from Afghanistan Thursday.

He brought a message of greeting from President Boris Yeltsin to the meeting and spoke against downplaying Russian history, in particular the heroic feats of soldiers and officers in Afghanistan.

Yegorov admitted that the decision to send troops was a mistake, which was negatively accepted by the public, largely aggravated confrontation between political groups, and "in the long run resulted in the collapse of the USSR."

The head of staff said the president will soon decide on new steps to support Afghan war veterans. He hoped the veterans would vote for Yeltsin, who Thursday announced his readiness to run for re-election.

Russia: Poland Refutes Lebed Statement on Territorial Claims

MK1602111396 Moscow SEGODNYA in Russian 16 Feb 96 p 1

[SEGODNYA report: "The Polish Embassy Refutes General Lebed's Statement"]

[FBIS Translated Text] In connection with Aleksandr Lebed's statement published in SEGODNYA on 7 February, the Embassy of the Republic of Poland in Moscow has sent a letter to Nikolay Ryzhkov and Sergey Baburin, cochairmen of the "People's Power" parliamentary group, to which Mr. Lebed belongs. It says that Mr. Lebed's statement regarding the existence of forces within Poland "which might advance territorial claims against Belarus and Ukraine" are entirely groundless "in view of the fact that relations between Poland and Ukraine and Belarus are based on treaties and laws, and there are no such claims on the part of Poland whatsoever."

Russia: Moscow's Interest in E. Europe Arms Deliveries Viewed

AU1602101396 Budapest MAGYAR NEMZET in Hungarian 15 Feb 96 p 11

[Report by Gabor Stier: "Russian Market Interests — Strategy Also for NATO Expansion"]

[FBIS Translated Text] In rejecting NATO's eastward expansion, the Russian side tends to mention among its arguments the damage to the country's security policy interests and domestic political reasons. Expounding on the issue, they keep repeating — as was last done by Andrey Kokoshin, first deputy of the defense minister, at the Munich conference — that it is not in the

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interest of the countries of the region, either, and they make it clear that Moscow is also worried about the loss of its East-Central European armament markets among others. In analyses on the issue this argument is, however, usually pushed into the background, although it is not the first time that Russian politicians have referred to these market interests, even if in the past they did so less expressly. This is natural because there is increasingly tough competition in the arms market and, like the western countries, Russia does not wish to lag behind, either. Moscow is interested in increasing its arms exports partly because of security policy aspects and also with the intention of overcoming the deep crisis in the domestic military industry complex, which in turn would help to boost an economic upturn. There is no money for the renewal of this major industry, which in the past employed many people. The government is therefore trying to organize and support the best and most competitive sections.

According to Sergey Svechnikov, chairman of the state committee supervising the military industry, the industry has already past the worst and the improved export indicators have played a significant role in this. In 1995, Russia exported armaments and military technology equipment worth more than $3 billion, 80 percent more than in 1994. This year, Russian experts expect exports to increase or at least to remain at the same level. In support of this, Nikolay Yegorov, recently appointed head of the president's administration, said in an interview that the contracts have already been drawn up on the sale of military technology to the value of $6.5 billion. If these contracts are realized Russia would become the world's second largest arms exporter. These projections seem somewhat optimistic, especially if we consider that the military-industrial complex has not yet come out of the crisis and the world market demand for armaments has also been contracting by $40-45 billion a year. In addition to this, one must not forget, either, that the biggest traditional exporters, namely the United States, Britain, France, and Germany, have in recent years developed and marketed new technologies, and that other competitors like Brazil, Israel, South Africa, and some former Soviet republics have also appeared. So it is understandable that Moscow wants to fight for every minute slice of the shrinking world market. By the end the century, the countries of North America and NATO will have a 27 percent share, East Asia will have 31 percent, South Asia 9 percent, the Middle East 30 percent, Latin America 2 percent, and the countries of the former Warsaw Pact 1 percent.

As this shows, our region does not account for the biggest share of this market but its share is still not negligible. This is also indicated by the fact that, according to Sergey Svechnikov, Russia is willing to participate in transforming the armies of the former Warsaw Pact countries, and even in establishing their compatibility with NATO. In his view, Moscow can deliver modern and powerful weapons that meet western standards in every way. This statement also reveals that Russia actually expects NATO to be expanded and the arms exporters have a strategy for this scenario.

At any rate, rather than in this region, they achieved their latest successes with agreements made with the Gulf countries, China, India, and Malaysia, mainly for the delivery of military aircraft. In addition, Moscow is repaying its debts to Hungary, Slovakia, Turkey, Finland, and South Korea with weapons.

Russia: Areas of Space Cooperation With U.S. Reviewed

MM1602113096 Moscow Russian Television Network in Russian 1700 GMT 11 Feb 96

[From the "Vesti" newscast: Video report by A. Peslyak, identified by caption]

[FBIS Translated Text] [Peslyak over pictures of new U.S.-Russian space crew, stunning video of latest space walk] This week the crew of the latest expedition to the Mir station and plans for space cooperation with the United States were announced. During the week the European Space Agency astronaut, together with our Yuriy Gidzenko, dismantled equipment in outer space and prepared the space cycle for the return to Earth.

Meanwhile here on Earth the famous "Energiya" enterprise is entering into long-term commercial partnership with the Gazprom and U.S. companies. Special gear and mobile environmental monitoring posts will be created. Gas workers and subsequently also oil workers will be provided with reliable telecommunications thanks to the "Yamal" space platform. The services of the first two telecommunication satellites will also be on sale to the rest of the world. Unfortunately, our designers have not yet been paid by the Gazprom and the U.S. companies.

[Yu. Koptev, general director Russian Space Agency, identified by caption] They signed a finance plan which provides for the payment of 390 billion [currency not specified] for work connected with the creation of the "Yamal" system.

[Peslyak] Let's hope that the market will teach them to pay on time, so that the courts do not have to be involved. [video shows new space crew, stunning footage of latest space walk, aerial views of oil rigs, Koptev interview, brief shot of design facilities]

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Russia: Space Agency Chief Denies Releasing 'Secret Data'

MM1502180796 Moscow Russian Television Network in Russian 1100 GMT 9 Feb 96

[From the "Vesti" newscast: Video report by A. Peslyak, identified by caption]

[FBIS Translated Text] [Announcer to camera] An agreement on strategic partnership among three Russian and two American companies which build satellites and satellite communication systems has been signed in Kaliningrad, Moscow Oblast. The two countries' companies will be cooperating not only in the development and operation of satellite communication and television systems but also in the sphere of environmental monitoring.

[Peslyak over brief video of Russo-U.S. Commission for Economic and Technological Cooperation meeting, Koptev news conference] Reporting on the results of the work of the Space Committee within the framework of the recent session of the Russo-U.S. Commission, Yuriy Koptev expressed displeasure at an article published in KOMSOMOLSKAYA PRAVDA, which claimed that secret data on military systems obtained in space would be exchanged. He stressed that it was merely a question of environmental monitoring and human activity at two air force bases.

[Yu. Koptev, general director Russian Space Agency, identified by caption, addressing news conference] No exchange of photo information, no exchange of digital information or primary documents is envisaged within the framework of this agreement.

[Peslyak over footage of news conference, space information displayed on illuminated screens] Journalists were particularly interested in the present and future of manned spaceflights under the Mir-Shuttle program. According to Koptev, funding of this program is a priority concern. For this reason efforts are being made to keep the station operational for another two years, as a transitional stage. As for the title of the new station....

[Koptev] By mutual agreement we have arrived at the understanding that "Alpha" is probably not the most felicitous name.

[Peslyak over video of blueprints of new orbital station, launch installations in snowy landscape] The station will be an international undertaking, which will involve 13 European countries, Canada, and Japan. Placing the station in orbit will cost money. Weak funding — only 70 percent comes from the Federal Space Program — makes it necessary to draw on extrabudgetary funds, including funds from foreign partners. This is why it is so necessary for Russia to expand its market of commercial launches. An agreement to double the number of these launches was also signed in Washington. [video shows Russo-U.S. Commission meeting, Koptev news conference, illuminated space information screens, orbital station blueprints, launch installations in snowy landscape]

Russia: Aeroflot Passengers Seek Asylum in Ireland

LD1602135296 Moscow ITAR-TASS in English 1317 GMT 16 Feb 96

[By Viktor Khrekov]

[FBIS Transcribed Text] MOSCOW, February 16 (ITAR-TASS) — The Russian Foreign Ministry does not yet have reliable information if there were Russian citizens among the 12 passengers of an Aeroflot airliner who asked for political asylum in Ireland on Wednesday. Russian Foreign Ministry spokesman Grigoriy Karasin said this to ITAR-TASS on Friday. According to initial information, there are citizens of Iraq, Latvia and Belarus in the group, Karasin said.

He said the incident which took place in Shannon airport is strange and there are many things about it that are unclear. The information should be thoroughly checked, Karasin said. The Russian embassy in Dublin was instructed to elucidate all the circumstances related to the event.

It was already reported that on Wednesday 12 passengers of an Aeroflot airliner, among them five children, asked for political asylum in Ireland. When the airliner bound for Havana was refuelling in Shannon, they left the plane and turned to the authorities with a request for asylum. According to the information from diplomatic sources ITAR-TASS received in London, the passengers were taken to the town of Ennis 200 kilometres east of Dublin. They are kept by the Irish authorities in a special "guest house" together with 40 refugees from other countries who remained in Ireland and with passengers from flights of various international airlines.

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Political Issues

Russia: Yeltsin Notes Main Tasks of Privatization

LD1602102196 Moscow ITAR-TASS World Service in Russian 0920 GMT 16 Feb 96

[By ITAR-TASS correspondent Yevgeniy Tkachenko]

[FBIS Translated Text] Chelyabinsk, 16 Feb (ITAR-TASS) — The concept of privatization in Russia in 1996 has a new character. Its main task is to provide a regular flow of funds into the federal budget, Russian President Boris Yeltsin said this afternoon at a meeting with South Urals businessmen.

The president said the accent will be made on the efficiency of investments, on forming a new class of proprietors, and ensuring the inflow of investments, including those from abroad.

Evaluating the voucher stage of privatization which caused wide discussions, Boris Yeltsin pointed out that no privatization on such a scale and in such a period of time has ever been implemented anywhere in the world. However, there has been a loss in terms of efficiency.

Recalling the recent argument between former Deputy Prime Minister Anatoliy Chubays and Moscow Mayor Yuriy Luzhkov, Boris Yeltsin noted that the Moscow mayor, who applied an experimental scheme of privatization different from the one Chubays conducted throughout the country, was right in the end. As a result, in 1995 the revenue generated by privatization throughout Russia was 8,000 billion rubles whereas for the same period in Moscow the figure was 6,000 billion rubles. The president said that as an intelligent and competent man, Chubays correctly understood the reason for his dismissal because the serious mistakes which he made cannot be forgiven. They inflicted too heavy a burden on Russia, Boris Yeltsin said. At the same time, Anatoliy Chubays is still in the presidential team, the president noted.

Russia: Yeltsin Stresses Need To Defend Economic Freedom

LD1602101396 Moscow ITAR-TASS World Service in Russian 0832 GMT 16 Feb 96

[By ITAR-TASS correspondents Yevgeniy Tkachenko and Andrey Shtorkh]

[FBIS Translated Text] Chelyabinsk, 16 Feb (ITAR-TASS) — "Are we to have economic freedom or not? That is one of the main issues during the presidential electoral campaign that has now started." This was stated today by Russian President Boris Yeltsin during his meeting with South Urals businessmen in the town's business club. According to the head of state, the 16 June election will decide the question of the direction in which capital will flow — from Russia or into Russia. "It is now necessary to fight not to secure free enterprise, but to see that we do not lose it," Yeltsin declared.

According to the president, the question of who is elected head of state will depend largely on the stance adopted by entrepreneurs and businessmen, "the most dynamic people in the new Russia."

This year, we shall have to mount a real defense of economic freedom, Yeltsin said. He thinks that, if the wrong man is elected, all the reforms — privatization, financial, and economic stabilization, and other key areas of reform — will immediately reverse.

Stressing that the country is living through a make-or-break moment, and recalling that inflation in 1995 was reduced from 26 to 3.5 percent a month, Yeltsin declared that "if we keep inflation at the present level or manage to bring it down to 2 percent a month, that will mean lower prices or, at the very least, financial stabilization and the strengthening of the ruble's convertibility."

Before the start of the meeting with the businessmen, Yeltsin told an ITAR-TASS correspondent that, once he had put himself forward as a candidate in the presidential elections, "I felt relieved. I could not sleep at nights."

Russia: Yeltsin Calls For Long-Term Crediting System

LD1602115296 Moscow ITAR-TASS in English 1129 GMT 16 Feb 96

[By Yevgeniy Tkachenko and Andrey Shtorkh]

[FBIS Transcribed Text] CHELYABINSK, February 16 (ITAR-TASS) — Addressing a meeting of representatives from South Urals business circles here today, Yeltsin moved to create a system for the long-term crediting of Russians. He said that a "crediting system should be established, which would allow us to loan money to Russian citizens for a term of up to 25 years".

Such a system, the President believes, may trigger a real construction boom, because people will at long last get a chance to build their own homes instead of the small flats or rooms in communal apartments they now have. Yeltsin believes that introduction of an instalment system, which is extensively used in many countries of the world, will allow the Russians to substantially improve their living standards.

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Russia: Communists Support 'Virtually Socialist' Economy

LD1502194996 Moscow INTERFAX in English 1740 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — The Russian Communist Party supports the current mixed economy pattern, its deputy chairman Valentin Kuptsov said in his report at a national party conference in Moscow Thursday.

"However, a public, virtually socialist sector must be decisive in conditions of modern Russia", he said.

"We must clearly declare that other forms of property, including private capital working for the economic interests of Russia, will find their place in the difficult efforts to lead the country out of the giant cataclysm into which the current rulers have plunged it," Kuptsov said.

He called "privatization a la Chubays" the main strategic failure of the regime. Anatoliy Chubays is the ex-first deputy prime minister who organized much of Russia's privatization process. "It is evident that this (privatization) will be revised under any president, but strictly according to law," Kuptsov said. He said that not only the Communists but the rest of the public "must distinguish between private and stolen property".

According to Kuptsov, "those who attribute to the Communists the determination to nationalize everything are simply lying".

He promised there would be no deprivatization of homes or country cottages, no dissolution of joint-stock companies formed by labor staffs, no destruction of private farms, trade or services, no closures of private businesses, publications or cultural institutions formed in keeping with the law and with lawful funding.

Kuptsov stressed that, acting in the national interests, the Communists must take steps to stop the squandering of natural resources, the destruction of the defense industry, transport networks and communications, power engineering and other basic industries.

According to Kuptsov, in 1995 53.2 million Russians had lower per capita incomes than the Council of Europe required to be spent on feeding convicts.

Russia: Yeltsin 'Critical' of Duma Delay on Tax Code

LD1602101496 Moscow ITAR-TASS World Service in Russian 0906 GMT 16 Feb 96

[By ITAR-TASS correspondents Yevgeniy Tkachenko and Andrey Shtorkh]

[FBIS Translated Text] Chelyabinsk, 16 Feb (ITAR-TASS) — One of the key tasks at the current stage of reforming the Russian economy is the speedy adoption of a tax code, the first part of which is already with the State Duma for approval, Russian President Boris Yeltsin said at a meeting with representatives of South Urals business circles in Chelyabinsk.

Boris Yeltsin said support for domestic producers is not possible without a lowering of the tax burden which is weighing down on them.

Boris Yeltsin was critical of the State Duma for still not having adopted the first part of the tax code, which has been under consideration by the lower chamber since last year. The head of state also noted that tax legislation needs to be unified throughout the country and the that list of taxes administered by the constituent parts of the Russian Federation needs to be expanded. At the same time, the federal authorities reserve the right to use legislation to restrict the upper limit for taxation in order to prevent abuses by local authorities, who might try to add an extra 2, 3, or 4 percent.

Boris Yeltsin stressed the need to expand the system of preferential taxation for small entrepreneurs, since this serves as an incentive for the development of this form of business. The president advised the managers of major firms to more actively involve small firms and enterprises in carrying out small orders. By taking advantage of their preferential treatment, they will be able to deliver output which is cheaper while still being of an appropriate quality.

Russia: 'Anticipated' Yeltsin Decision, Zyuganov Nomination Noted

MM1602114496 Moscow IZVESTIYA in Russian 16 Feb 96 p 1

[Feature comprising unattributed boxed introduction followed by reports by Aleksandr Pashkov and Sergey Mostovshchikov from Yekaterinburg and Moscow, respectively, under the general heading: "Yeltsin Decides To Run Again, But Zyuganov Also Wants To Take Charge"]

[FBIS Translated Text] Two anticipated events whose inevitability virtually no one had doubted took place on precisely the same day — 15 February.

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In Yekaterinburg Boris Yeltsin announced his decision to campaign for reelection. In Moscow a Communist Party of the Russian Federation [CPRF] conference nominated G. Zyuganov as the incumbent president's rival. In itself the seemingly chance timing underlines as it were that these men will be the main contenders in the presidential race. And although to date the Central Electoral Commission has registered over four dozen other applicants, it is obvious that the two front-runners joined open battle 15 February in Russia, two irreconcilable forces, each of whom is counting on winning and leading the country.

Yekaterinburg — During a meeting with the chief editors of the regional mass media Boris Yeltsin said that his meeting with people from his home region had convinced him that he should stand for a second term. However, he came to Yekaterinburg without the detailed program with which he will be entering the elections. Therefore, Yeltsin said, he would return to Yekaterinburg with a prepared election program, which will set everything in order.

Early in the morning Yeltsin visited the Shirokorechenskoye Cemetery where he laid a wreath on his father's grave. Then the president visited the "Konfi" Confectionery Factory. "Konfi" General Director Vitaliy Poryadin was pleased: Yeltsin promised to give him $10 million for production development. When the president went out into the factory yard he was greeted by ancillary staff. "I have given you a present," Boris Nikolayevich joked. To which he received the following response from the crowd: "We want to see Yeltsin president again." Governor Rossel was also happy: Yeltsin promised another $7 million for the development of babyfood production.

It must be said that there were plenty of such promises; the visitor instructed Economy Minister Yasin to earmark 5 billion rubles [R] for the veterans hospital. During a trip to the subway he promised around R50 billion for the repayment of state debts.

The people of the Urals by and large accorded their fellow countryman a warm reception. According to the president himself, there was not a single malicious question. Near the monument to those who died in Afghanistan Yeltsin spoke about the war in Chechnya. He said this:

"There are problems with the withdrawal of the federal troops, but they will be resolved. The war in Chechnya must be stopped. But Dudayev, Raduyev, and Basayev must be handed over to the federal troops and we will execute them."

When asked whether the president is healthy enough to run for a second term, Yeltsin said unequivocally that he was.

"As soon as I breathe my native air, it gives me new strength."

During his meeting with journalists Yeltsin was fairly frank: Mass media that are counting on state support must voice the state's interests.

"You are free to say what you like, just find your own funding. You pay for your lies."

According to the president, mass media in the Urals that want help from the state must win their governors' support. Incidentally, the meeting was mainly addressed by representatives of those newspapers and television services that enjoy such support.

The president also said that criminal proceedings have been instituted against former acting General Prosecutor A. Ilyushenko and Vologda Oblast Governor N. Podgornov. As you know, the Vologda governor was the protagonist in the "grain deal," which has been covered by recent articles in IZVESTIYA. [Pashkov report ends]

Moscow — The Fourth All-Russia Conference of the CPRF opened 15 February in Moscow and closed within a few hours with a half-hour recess for sandwiches and beer. There was one item on the party forum's agenda — "On Party Organizations' Tasks in Connection With the Preparation for, and Holding of, the Russian Federation Presidential Elections." It was known in advance that in this connection the motherland's party organizations have set themselves the task of nominating and ratifying their sole presidential candidate — Gennadiy Zyuganov, the main Communist leader — and asking him not to refuse this move.

This enthusiastic unification occurred in what was once the House of Political Enlightenment but is now the Parliamentary Center on Trubnaya Square. At the entrance 217 party conference delegates and around the same number of like-minded invitees presented party cards that they had carefully preserved during the foul democratic transformations along with special interim ID cards. The press was admitted on presentation of State Duma accreditation and special cards issued by the Communists themselves.

My rectangular green card bore a picture of Vladimir Ilich Lenin and for some reason the fairly strange inscription underneath "Comrade Viktor Konstantinovich Mostovshchikov." [i.e. with wrong given name] I was unable to gain a closer acquaintance with these forum participants. On the other hand most of the other comrades were easily recognizable and recalled with

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strange nostalgia cans of sweetened condensed milk dating back to the era of stagnation and popsicles. Gennadiy Zyuganov, lyric poet Anatoliy Lukyanov [better known as chairman of USSR Supreme Soviet], Ivan Polozkov [former chief of RSFSR Communist Party], Nikolay Ryzhkov [former prime minister under Gorbachev], Viktor Anpilov, Vasiliy Starodubtsev, and other well known people who are able to conjure up in people's minds a vivid picture of sausage at R2.20 per kilo were cheerily wandering around the lobbies.

After registering and asking ordinary employees how they were feeling ("Ah, Gennadiy Andreyevich [Zyuganov], I have been smiling since 0800 hours"), participants in the event occupied all the seats in the Parliamentary Center's small hall, designed to hold 500; it was filled to bursting mainly with people with bushy brows and gray hair. After rapidly dealing with procedural matters the forum began listening to a report by Valentin Kuptsov, CPRF Central Executive Committee first deputy chairman, who focused the assembly's attention on the need once and for all to constitutionally bar from power Yeltsin's antipeople regime, which has resulted in the impoverishment and partial extinction of the nation.

In terms of its fervor Valentin Kuptsov's speech was on a par with brief studies in CPSU history and contained such concepts dear to the heart of every Russian citizen as the advanced detachment of the working class, a truly people's intelligentsia, the impoverished peasantry, the genocide of the nation, the accursed bourgeoisie, and the Red Army, which constantly comes to the aid of boy-heroes [malchishi-kibalchishi; boy-hero of Soviet folk tales of twenties and thirties by A.P. Gaydar] by secret means. By way of a constructive plan it was suggested staying around as long as it took to nominate and give the utmost support to Gennadiy Zyuganov, the only possible contender for the post of Russian Federation president.

Regrettably, owing to the schedule for signing IZVESTIYA to press we could not wait for this plan to be put into practice. The forum's program envisaged more approving debates, a recess with a buffet, a vote, and a speech by elected presidential contender G.A. Zyuganov. Judging by the mood of the gathering, there will be no change to that plan. The greatest surprise that might happen is if the Communists also decide to support the election campaign of Aman Tuleyev, who will abandon the election at the right moment in favor of Zyuganov, for which he has been promised an eminent leadership post.

The last thing that I heard at the party conference was the speech by esteemed Comrade Nikolay Ivanovich Ryzhkov, who compared the present situation with 1917. Comrade Ryzhkov asked all national-patriotic forces to form a single large strike force to attack the loathsome regime. Judging by the text of the speech, the Communists will have no other chance of combating the great godfathers of democracy. Looking at Nikolay Ivanovich's weary face I realized how right he was.

Russia: Premier Consults Aides on Yeltsin Decision To Run

LD1602103496 Moscow ITAR-TASS World Service in Russian 1001 GMT 16 Feb 96

[By ITAR-TASS correspondent Irina Shchegoleva]

[FBIS Translated Text] Sochi, 16 Feb (ITAR-TASS) — Viktor Chernomyrdin, who returned to Sochi from Moscow late on Thursday [15 February] evening, began his day with in-depth telephone consultations connected with Russian President Boris Yeltsin's decision to run for a second term. According to information from well-informed sources, the head of government is discussing this topic with his aides and members of the government apparatus. Consultations are going on in parallel on ways out of the Chechen crisis.

Viktor Chernomyrdin intended to fly out to the Sochi foothills by helicopter, but this has been postponed due to poor weather conditions. The weather has worsened and it has been snowing in the mountains.

As we reported earlier, Viktor Chernomyrdin plans to return to Moscow on Sunday 18 February.

Russia: Filatov Agrees Yeltsin's Decision 'Irreversible'

LD1502214696 Moscow NTV in Russian 1635 GMT 15 Feb 96

[Studio interview with Sergey Filatov, former head of the Russian presidential administration and deputy head of Boris Yeltsin's election campaign headquarters, by Yevgeniy Kiselev — live; from the "Hero of the Day" program]

[FBIS Summary] In a 26-minute interview, Filatov says he had seen only part of Yeltsin's speech in Yekaterinburg "because something happened with our television today. For some reason they were unable to show Boris Nikolayevich's speech in full." Kiselev interjects that he was "frankly astonished because since I was unable to see the president's speech on Ostankino television [Russian Public Television], I watched it on the U.S. CNN television channel, in English translation. Such an absurd situation — the United States knew Yeltsin was standing again and had officially announced

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it 20 minutes before Yeltsin's own country knew about it, and not live, but just a summary of it!" Kiselev adds: "I do not know, frankly, why such a thing happened, but I fear it is nothing to do with television, but with some sort of order coming from above." Filatov says that the matter would be looked into on 16 February.

Filatov goes on to say that Yeltsin's decision came as no surprise to him, since he had seen "the whole tortuous process of how Yeltsin had arrived at his decision." Asked why Yeltsin had waited so long to make the announcement, Filatov answers that the presidential team had not been unanimous on when to make the announcement, and Yeltsin had decided on 15 February in his home region as a symbolic gesture.

Asked about the functions and organization of Yeltsin's campaign headquarters, Filatov replies that Oleg Soskovets had been appointed head of the election campaign, but the headquarters has not yet been set up. He adds: "The money is set by law. The Central Electoral Commission allocates 14 billion rubles from the budget, and about the same sum can be acquired from sponsors." Answering a question on Yeltsin's mention of a group of businessmen headed by Anatoliy Chubays, Filatov states: "Anatoliy Borisovich evidently will join in this campaign. I spoke to him the other day, when he said he had been invited to join in the election campaign and that he would think it over. If he has decided to join today, I am very glad, because he cannot just quit the team working on reforms he actively participated in and of which he was one of the founders."

Filatov then says he is dealing with communications from parties, collectives, and individuals offering their services in support of the president's campaign. He continues: "I have had consultations with many of them, and we are working toward setting up an all-Russian Federation association with regional branches in support of President Yeltsin in the election campaign. As you know, Boris Nikolayevich has no party, and I do not think he can have one today because there is no political force that has a majority in society to ensure election. Last time the president relied on the voters as a whole, on the whole of society, so to speak. This time, to judge from his tactics, the way he is acting, what he is saying, and from what he has done in terms of personnel changes, it seems he will again be relying on certain strata in society, on the whole collective of voters in the country. That is why we think it very important to back all social forces by creating this sort of association, and coordinate their actions in order to help this process. As you see, this association has nothing to do with the headquarters — it is not a headquarters organization. It will be a legal person, a public association, with its own home and its own newspaper, I think — preparations are under way to publish the paper — which will help the election campaign."

Following a recorded excerpt from the Communist Party congress on 15 February, at which Gennadiy Zyuganov was officially nominated as presidential candidate, Filatov says he thought Yeltsin's main opponents in the race will by Gennadiy Zyuganov, Vladimir Zhirinovskiy, and Grigoriy Yavlinskiy. Filatov declines to say what the presidential team's tactics will be, but he notes that it is necessary "to show society what has been done and what has not been done; and honestly to evaluate the shortcomings, the miscalculations, the mistakes; and to study seriously what is coming from the electorate today, to try to answer all their questions." He goes on to say that the main issues that feature in voters' letters, and which need to be solved, are Chechnya, crime and corruption, and wages arrears. He adds that solutions are being sought to all these, as Yeltsin said today. He also notes his fear that the Duma will continue to take decisions that cannot be financed. Filatov then asserts that the attention of the electorate must be drawn to the Communist Party program, which is considerably more reactionary than the social democratic program drawn up for the 29th Party Congress and almost a complete return to the past.

Kiselev then asks: "Many people are advising the president, as far as I know, to draw onto his side people like Yegor Gaydar, who said he would not support the president; Boris Fedorov; and Grigoriy Yavlinskiy. Is that possible?" Filatov replies: "I think it is indeed possible. I have already had meetings with many party leaders, including Yegor Timurovich. Yegor Timurovich is in a special situation, so to speak, and I think he will nevertheless review his opinions. As for other parties and associations, very many of them are ready to cooperate, ready to support the president, and I think they will make a statement on the issue in the next few days. There are issues, though, which need to be resolved together, because there are issues on which the president has to explain his point of view, on which he perhaps has to take action."

Kiselev then notes that NEZAVISMAYA GAZETA Editor Vitaliy Tretyakov suggested Yeltsin might co-opt Yavlinskiy and promise him the post of prime minister. Filatov replies: "You know, Yevgeniy Alekseyevich, first of all one has to sort out what is happening with Grigoriy Alekseyevich because, frankly speaking, I do not really understand what is going on with him. I have had very many meetings with him. I have a high respect for the man and his clear and pure mind. We often chat, and in all the years I have been meeting and talking to Grigoriy Alekseyevich, his position has been like this:

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I shall run if the Communists run to make sure they do not get in. Something seems to have wavered here. The compromises and the conspiracy that took place in the State Duma" showed "that there was some hanky-panky going on there, so to speak." After Kiselev suggests that there had been a conspiracy between Russia Is Our Home and the Liberal Democratic Party of Russia, Filatov says that "evidently a counterattack of some sort had to be made," but adds that he cannot confirm anything.

Filatov goes on to deny that Yeltsin would defer or annul the elections in the event that his popularity fell further. He adds that such options have been suggested and much talked about in the media, but "the president's whole team is pretty seriously oriented toward the election campaign." Asked if there might be anything that would persuade Yeltsin to change his mind on running, Filatov says no: "I know how Boris Nikolayevich arrived at this decision. He has taken the decision now and has decided with great conviction that he should remain in his post as a guarantee that there can be no rolling back, that no opportunities are opened for transforming the country by revolutionary means, or for allowing a civil war to develop — so far he has been successful in this." Kiselev then asks: "So Yeltsin's decision to run is final and irreversible?" Filatov answers: "Yes, I think so."

Russia: Zhirinovskiy Admits Chances Reduced by Yeltsin Bid

LD1502212896 Moscow INTERFAX in English 1958 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russian President Boris Yeltsin acted correctly when he decided to run for re-election, the Liberal Democratic leader Vladimir Zhirinovskiy told INTERFAX Thursday.

Yeltsin's willingness to run for the presidency "is natural, because if he does not remain in power for a second term, he might be held criminally responsible" for his mistakes, Zhirinovsky said

Zhirinovskiy thinks the president has good chances of winning, if he "stops the war in the Northern Caucasus by eliminating all gangster formations." He felt Yeltsin has time for that.

Zhirinovskiy thinks Yeltsin a serious rival "because he is in power, which is always dangerous as he has the army, money and propaganda in his hands."

"His nomination reduces my chances," the Liberal Democratic leader admitted.

He forecasted that there will be three presidential candidates to speak of — Yeltsin, Zyuganov and himself.

Zhirinovskiy "counts on winning on the basis of psychological factors because the rivalry between the left wing and the president will lead to mutual accusations."

"They strengthened the USSR together and undermined the economy together; that is why a normal voter should opt for a third force not involved in anything," Zhirinovskiy thinks.

In his opinion it is unlikely that any of the candidates will win in the first round.

Russia: Communists 'Unanimous' in Backing Zyuganov

LD1502162596 Moscow ITAR-TASS in English 1453 GMT 15 Feb 96

[By Lyudmila Aleksandrova]

[FBIS Transcribed Text] MOSCOW, February 15 (ITAR-TASS) — The fourth conference of the Russian Communist Party today passed decision to nominate its leader Gennadiy Zyuganov as a presidential candidate.

The conference's resolution calls on Zyuganov "to consolidate around himself leaders of political parties and movements, and public organisations which pronounced a backing to the single candidate of left forces".

Zyuganov thanked the conference and briefly expounded his electoral programme which he said should promise to electorates restoration of Russia's potential for development, a comeback of civil and ethnic accord, efficient law and order enforcement and "a stop to extinction of Russia".

He also called for "restriction of the president's autocracy".

He scolded the CIS-founding agreement, adding that "the right and duty to cancel the Belovezhskaya Pushcha document (agreement)" does not mean that "tomorrow someone will forcibly have someone re-united".

The communist leader stressed that the presidential candidate of the leftist camp cannot win single-handed and needs a well-composed team.

Speakers at the conference were unanimous in backing Zyuganov.

Nikolay Ryzhkov, the leader of the Power to the People bloc, said the key task was to forge a "broad popular patriotic" coalition, whose sole candidate should be Zyuganov.

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Vasiliy Starodubtsev, of hardline agrarians, voiced their backing for Zyuganov, as did Oman Tuleyev, a vociferous critic of President Boris Yeltsin.

Tuleyev had not withdrawn his own candidacy for the presidential post, although it is understood by communists that he and Petr Romanov, ostensibly another contender, will quit the race as Zyuganov comes in the foreground.

The leader of the Working Russia pro-communist movement, Viktor Anpilov, backed Zyuganov, adding that he should be "a bit more radical".

Russia: Zyuganov Urged To Run as Nonparty Candidate

LD1502170996 Moscow INTERFAX in English 1059 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russian Communist Party leader Gennadiy Zyuganov should run for presidential elections "from national patriotic forces rather than from the party," Aman Tuleyev, chairman of the legislature in the Kemerovo region declared at an All-Russia Communist Party conference in Moscow today.

Calling Zyuganov "a national leader," Tuleyev said "the tested, scientifically grounded Communist Party program" should make up the core of the election platform.

"Yet another term with Boris Nikolayevich in office will ruin the state," Tuleyev said. "Patriots and pragmatics must be at the helm, if the state is to be saved from collapse."

A candidate for the Russian presidency himself, Tuleyev declared his readiness to carry out his election campaign "in the coal industry, on railway transport, and in republics, especially those where ethnic conflicts are under way."

"The presidency for me is not a self-goal, dissipating forces would be suicidal," he declared, voicing confidence that "collective action will bring victory."

Russia: Romanov Willing To Opt Out in Favor of Common Left Candidate

LD1502183896 Moscow INTERFAX in English 1404 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Petr Romanov, one of the Communist party candidates for the Russian presidency, is willing to opt out of the presidential race, he told INTERFAX during a break in the party forum in Moscow on Thursday.

"I will be ready to withdraw at a certain stage of the race in favor of a common left-wing candidate," Romanov said.

The choice of a candidate is less important than a program and plan of action he could lean upon, Romanov explained, adding that party leader Gennadiy Zyuganov has such a program.

He also said the party's main priority was to set up a broad left-wing alliance, without which any election victory was impossible.

In spite of discussion of the so-called shadow cabinet, Romanov warned against offering it to the electorate to avoid any further buildup of confrontation with the government.

He said if the Communists were defeated in the coming presidential poll, they would have no chance of winning the next one. "Boris Yeltsin will not repeat his own mistakes and will squash any opposition, first of all, the Communists," Romanov said.

Russia: Communists' Election Strategies Assessed

964F1082A Moscow ARGUMENTY I FAKTY in Russian Feb 96 No 7, p 2

[Article by Andrey Uglanov and Aleksandr Sargin: "The Communists' 'Secret' Weapon"]

[FBIS Translated Text] Will a Communist become Russia's second president? For many people the answer is obvious—of course he will. But totally unexpectedly press organs reflecting the viewpoint of communist currents in Russia—the newspapers PRAVDA and PRAVDA-5—have sounded the alarm. Their analysts have apparently begun to spot some new trends in the social consciousness of the electorate and in the behavior of political leaders.

The democrats are, as before, washing their dirty linen in public and trying to sort out who is more important. As in the case of the failure at the Duma elections, they continue to separate themselves, and are doing so publicly, what is more. Factional intrigues immediately become public property. The decisions of the political councils are frequently contradictory and proceed from the unshakable principle of purity of the idea. So effective a weapon as subtle political maneuvering has been virtually forgotten. Consequently, the patience even of the most consistent supporters of the democrats has snapped, and they have been abandoned to the whim of fate. The last attempt, perhaps, to unite all who support the reforms were the negotiations between Ye. Gaydar and Nizhegorod Governor B. Nemtsov. But the man from the banks of the Volga deemed it impossible for himself to perform this role as yet.

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The Communists are the exact opposite. They appear united and self-disciplined. And their leader, G. Zyuganov, who has not in purely Leninist fashion changed his coat for a long time, has already, it seems, achieved the cherished goal. According to our information, almost 20 pro-communist parties and movements, despite the contradictions and accusations of opportunism, are calling him, with clenched teeth, the single candidate of the left at the presidential elections. Anpilov, Romanov, and Ilyukhin, who were nominated earlier, will remain, most likely, figures for conducting propaganda at public expense. At the last moment they will withdraw from the race. So unity could, most likely, become the Communists' most formidable, "secret" weapon.

From the Duma, where the lead detachment—the CPRF—has established an intermediate base, to the Kremlin is 500 meters. And the Zyuganovites have approached thoroughly the business of the seizure of power peacefully also. The Duma building, with its systems of telecommunications and all kinds of connections, has essentially become the Russian Federation presidential election headquarters (we would note how contrived the charges against O. Soskovets, who is organizing the Yeltsin headquarters at Government House, appear in this connection).

Yet G. Zyuganov's outward confidence conceals a coolness. The worm of doubt is, as we can see, gnawing at him with good reason. Trouble is approaching, from an unexpected quarter. Not from Yavlinskiy or Lebed but from one who had been completely discounted—Boris Yeltsin. There is a growing concern among the Communists that the wily president has succeeded in dislodging the high point of CPRF activity at the Duma elections. Suppose they burn out! Reflecting the growing uncertainty, PRAVDA-5 writes in an editorial article: "Since the parliamentary elections Boris Nikolayevich has been making 'inroads,' imperceptibly for the public at large, into the opposition and is beginning to speak with its voice virtually, fulminating against government officials, bankers, and so forth failing to display concern for the people."

B. Yeltsin has not even announced his desire to run for a second term, and the Leninists are already warning perfectly reasonably: "Yes, the president's approval rating is currently lower than that of his potential rivals at the June elections. But it should not be forgotten that he is today joining a game at which he has no equals—populism is once again becoming his main weapon. And you may be sure that many people in Russia are happy to divine in the 65-year-old occupant of the Kremlin their former idol." And, further, his shortcomings (from the viewpoint of the democrats) become in the understanding of the Communists a virtue: "The flight of democrats from the Presidential Council is also scoring points for him. For the ones who are leaving are those for whom the majority of the populace has had no undue love.... Can there really still be the lingering hope: Suppose Yeltsin abandons the struggle for the presidency?"

But these, as they say, are emotions. The "secret" weapon is almost ready for firing. Will it hit its mark? Who knows, but G. Zyuganov is fully aware that June will be perhaps his last chance to reach the pinnacle of power. The economic crisis, on which the Communists have risen from the ashes, will, nonetheless, come to an end. He understands that unless he makes it, difficult ordeals will await him. Boris Nikolayevich does not look with all that much favor on his former competitors, and Zyuganov is one of the main ones. More, it is not hard to assume that, victorious at the elections, B. Yeltsin would cease to flirt with the Communists and would return to the democratic fold. From there it is but a short distance to the early dissolution of the communist Duma—a pretext can always be found. If his present campaign activity does not subside and bears fruit, naturally.

This is how professional politicians assess the chances of a historic unification of the left.

Viktor Ilyukhin, chairman of the Committee of the RF State Duma for Security: A. Lebed and A. Rutskoy will hardly withdraw. But the Communist Party has a particular electorate, quite dependable and firm, which could ensure that Zyuganov gets into the second round. Closer to the elections, all the others will realize that they have zero prospects.

Valeriya Novodvorskaya, leader of the Democratic Union: They sit in the Duma like mice and avoid raising any tough issues. They are not even demanding that we take down our flags and put up their red ones. They are waiting for June. Nor did Vladimir Ilich emerge particularly until he had gained all power. Having gotten their tenacious hands on the entire machinery of repression, that's when they will start.

Nina Andreyeva, leader of the orthodox Communists: Everyone in the communist movement is infected with president-mania. But many, having weighed their chances, which are zero, have decided to support the so-called single candidate Zyuganov. We do not regard him as the representative of the communist forces.

Arkadiy Murashev, chairman of the Center for Liberal-Conservative Policy: What secret weapon! There are many disagreements among the Communists. They have always been distinguished by a "breadth of positions"

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on various matters. Their ideological disputes have a big history: revisionism, opportunism, orthodoxy, all kinds of fixations.... It is, in fact, quite hard for them to reach agreement. Some of their allies have switched to Yeltsin. And they will support Yeltsin.

Yegor Ligachev, former member of the CPSU Central Committee Politburo: All the communist parties of Russia have identical strategic goals. But there are some tactical disagreements, personal ambitions, mutual dislike. This is reflected in the way questions are decided.

Eduard Limonov, writer and revolutionary: This is not a secret weapon and not disinformation: There is a certain disunity of the Communists. I believe that Anpilov alone has the right to call himself a Communist, and his party is entitled to bear the title of communist. If all Zyuganov's remarks are brought together, he is not even a social democrat today but altogether a liberal.

Russia: Electoral Commission Finds No Evidence of Coercion

MK1602080096 Moscow SEGODNYA in Russian 15 Feb 96 p 1

[Report by Petr Zhuravlev: "The Central Electoral Commission Has 'Acquitted' Leaders of the Railways Ministry. The Communists Are Keeping a Vigilant Eye on Boris Yeltsin's Election Campaign"]

[FBIS Translated Text] The Central Electoral Commission [TsIK] of the Russian Federation stated yesterday that "information" about violations of the presidential election law within the system of the Ministry of Railways [MPS] has not been confirmed. Numerous checks have failed so far to reveal any facts of pressure exerted on railroad workers so as to make them give their signatures in support of the nomination of Boris Yeltsin for a second term.

MPS officials and heads of two regional electoral commissions said that information about violations for the most part was, first, anonymous and, second, very abstract. This notwithstanding, the forces of the militia, transport prosecutor's offices, and oblast administration heads have been mobilized to check the validity of this information and to carry out official investigations. First Deputy Minister Oleg Moshenko noted that "the MPS is not powerful enough" to receive formal replies denying facts of violations from everywhere.

It has also become known that quite a few complaints were signed by heads of "rayon committees" and "oblast committees" of the Communist Party of the Russian Federation. Inquiries have been sent to them, but their replies, if there were any, also lacked specific facts. Ardent speeches by two representatives of the Communist faction in the Duma made no impression on the TsIK, whereas the statement of one of them saying that he had a video recording of an interview with railroad workers who had been subjected to pressure turned out to be a bluff.

Clearly, in such a specific domain as the MPS, even a simple proposal to sign in somebody's favor, expressed by a chief, is perceived by the common railroad worker quite specifically. As for the [MPS] initiative group, it does not consist of just common couplers and switchmen.... On the other hand — which is no secret to anyone either — no one has deprived a head of a division or a railway station of the right to become a member of the group and to collect signatures for any candidate. The unfortunate thing is that the election law also allows for doing so in "work collectives," on which — as Olga Zastrozhnaya, a TsIK member recalled — the Communists themselves insisted in their time.

Russia: CPRF Said Behind Claims of Canvassing Coercion

MM1602133696 Moscow IZVESTIYA in Russian 16 Feb 96 p 2

[Report by Anatoliy Stepovoy: "Following the Attack on the Ministry of Railways, the Communists Are Planning To Deal With the Telegraph Office"]

[FBIS Translated Text] Never before has there been such a stormy and lengthy sitting in the practice of the Central Electoral Commission. Members of the Central Electoral Commission devoted over two-and-a-half hours to just one question: the letters and telegrams from citizens and appeals from State Duma deputies on the apparent forcible collection of signatures from voters at Ministry of Railways enterprises and organizations in support of Boris Yeltsin's candidacy at the upcoming presidential elections.

It was not only the chiefs of the Ministry of Railways, but also workers from the General Prosecutor's Office, the transport prosecutor's office, and a number of oblast administrations and district commissions who participated in checking the notifications about administrative pressure on the railroad workers. They all stated officially that the claims about violations of the Russian Federation Law on Election of the President in the collection of signatures at Ministry of Railways enterprises, set forth in the letters and telegrams, have not been confirmed. Many of the authors of the letters turned out in actual fact to be anonymous or else were gathering information at second hand.

During the Central Electoral Commission sitting, it turned out that the overwhelming majority of notifica-

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tions were coming directly from the secretaries of CPRF [Communist Party of the Russian Federation] rayon and oblast committees. You could study the country's geography through these party accusations — from the Komsomolsk-na-Amure Oblast Party Committee to Salskiy Rayon Party Committee. The timing of these notifications, the addresses they were sent to, the recurring phrases in them (right down to the adverbs used), and the "facts" cited left no room for doubt that there was one guiding hand behind them.

The two State Duma deputies who arrived (obviously on party instructions) at the sitting of the Central Electoral Commission tried to question the results of the checks by citing the following weighty argument: There is no smoke without a fire. Speaking from the Central Electoral Commission rostrum, Deputies A. Kruglikov and A. Kravets, obviously with a view to secrecy, talked of their geographical affiliation rather than their party affiliation. And they only admitted that they belong to the CPRF when the journalists asked them to specify.

It must be admitted that the irrefutable argument about "smoke and fire" impressed some commission members. Some of them tried to postpone the matter indefinitely, and not adopt any decision before a full and definitive examination of absolutely all the notifications. The leaders of the Ministry of Railways categorically opposed this option. They supported their stance by the argument that the 2-million strong collective of railroad workers cannot be psychologically pressured by certain political structures and be branded as violators of the law indefinitely.

The communist deputies were indignant. One of them volunteered to immediately submit irrefutable proof of administrative pressure on rank and file railroad workers who are refusing to sign in support of Yeltsin.

Deputy Kravets showed a video cassette to the audience which apparently contained documentary evidence of what was being said. But when Central Committee Chairman N. Ryabov instructed the communist speakers to start running through their irrefutable facts, embarrassment set in. Raising the video cassette above his head, Deputy Kravets stated triumphantly: "We have the facts!"

And then very quickly:

"But...about a different department."

As it enters the presidential election race, the CPRF is scarcely going to limit itself to a cavalry charge against the railways. Following the immortal precept of the man in the armored train [Lenin], they will go and storm other particularly important targets in the revolutionary cause. In fact, they have already started. As N. Ryabov informed IZVESTIYA, the Central Electoral Commission has received a deputy's notification about some alleged unlawful actions by the leadership of the Ministry of Communications in favor of B. Yeltsin.

Knowing the revolutionary postulates, you can easily assume that the bank will be next to be stormed by the Communists.

Russia: ORT Director Interviewed on Election Coverage

964F1053A Moscow MOSKOVSKIYE NOVOSTI in Russian No 4, 28 Jan-4 Feb 96 p 40

[Interview with Sergey Blagovolin, general director of ORT, by Yuriy Bogomolov, MOSKOVSKIYE NOVOSTI columnist; place and date not given: "'I Am Inwardly a Free Man....'"]

[FBIS Translated Text] The presidential race promises to become no less intriguing than the parliamentary race. First, the political stakes are higher. Second, it will be personalized to the maximum extent and, consequently, extremely dramatic. It promises new problems for the managers of television companies. This is the subject of our interview with Sergey Blagovolin, general director of ORT [Russian Public Television], by Yuriy Bogomolov, MOSKOVSKIYE NOVOSTI columnist.

[Bogomolov] A lot has been written about how television companies worked and, in particular, how the company that you manage worked. The opinions are contradictory. What is your self-appraisal?

[Blagovolin] I think that we succeeded in being correct enough in throwing light on the ambitions of the candidates, and at the same time were able to emphasize our position, which we did not hide and are not hiding. And no other television company or newspaper in the world has succeeded in doing this to the present. There were some rough spots in our relations with Borov and the lovers of beer, but these disputes also were easily resolved. However, this is poor consolation. A feeling of annoyance over the past elections remained with me as a person who is professionally involved in policy and management.

[Bogomolov] Annoyance with whom?

[Blagovolin] First of all, not with myself.... My annoyance is over a certain condition of society and its infantile-aggressive political thinking. Infantile, because there are no established political structures. This also applies to the Communist Party. It played on the nostalgia of part of the population for the time when everything was simple and comprehensible. It was also short of

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ideas like all the others. As for aggressiveness, this was perhaps the only trump card of a majority of the parties. Their propaganda in essence boiled down to claims that everyone around is an idiot and a swindler, that there was no one to talk to and, indeed, nothing to talk about.

[Bogomolov] This is what we saw on the TV screen. But what was behind the screen? There were a lot of discussions and rumors about the incredible pressure on the leadership on the part of various political forces and commercial structures....

[Blagovolin] The methods of pressure were of the most vulgar quality: Basically money was offered for some topics. We, nevertheless, acted sensibly, rejecting paid advertising.... Although our financial position, in general, is rather difficult, and we have no money to spare. Yes, there were many discussions about our sympathies for the authorities. I, incidentally, hope that our sympathies, for example, for Gaydar, whom it is difficult to consider a representative of the authorities, also did not go unnoticed.... There was no kind of pressure, there were discussions about how best to do something, how to use time more effectively, and what could be improved in advertising. But rumors of red-hot phones over which we made calls from morning until evening and yelled: "Insert this, insert that, remove this, remove that" are greatly exaggerated. This was possible because we supported the so-called centrist parties from the bottom of our heart and therefore it was not necessary to urge us.... We eagerly did everything we could do, without going outside the scope of the law and propriety.

[Bogomolov] Were the rules of the game imposed by the Central Electoral Commission proper?

[Blagovolin] They turned out to be unsuccessful exactly in the sense that they provided an opportunity for the aspirants to choose, in my opinion, the most meaningless form of propaganda.

[Bogomolov] Why did you so easily "rent" the air waves to the parties? Why did you not try to defend the interests of journalists and voters? After all, the norm of the TsIK [Central Electoral Commission] seriously limited the rights of both.

[Blagovolin] We tried to object and have our own way. But in reply a rule was pulled out of the Law on Elections which states that parties themselves have the right to choose the form of preelection propaganda—which completely stunned us—after which we understood that our quivering resembled the quivering of a little fish in a pond.

[Bogomolov] There was an impression that your team of political journalists was not prepared to duel with politicians. Thus, perhaps it was for the best that Mr. Ryabov restricted you?

[Blagovolin] In general and on the whole I am prepared to agree with you that TV was not ready. The questions that were asked in the form we heard them, of course, had the character of sluggish improvisations. But I want to emphasize once more that our anchormen did not prepare themselves for active participation, because this was beyond the scope of that which they could allow themselves. I can no longer say after 11 months of TV work that I am a new person here. But I will say with no offense intended to my colleagues that there are very few demanding political analysts on TV and in the press as a whole. This is one more sign that society itself is politically immature and almost blind. Simonov has a wonderful poem: "Day turns into night so swiftly that I will not believe in darkness, as a soldier does not believe in death, until the moment it happens." We are experiencing something like this, shifting swiftly from night to day. Society was blinded by the light.

[Bogomolov] All this is correct overall. But with your permission I would like to turn to a specific situation. One election campaign is behind us, and another is ahead. Has the experience of the one we have gone through been taken into account?

[Blagovolin] A month has passed. Frankly, we spent about two weeks recovering, because it was all somewhat trying. Of course, we are working right now on an analysis of lessons learned. In particular, there are reasons for thinking in general about what kinds of TV and press efforts would be effective. What is more, taking into account the peculiarities of Russian life and the state of our society. For example, there has been very interesting research (it is preliminary) from which it follows that negative evaluations of a candidate on TV give him more points than positive evaluations give him. Of course, this has to be verified, because such conclusions sound somewhat absurd. In any case, the presidential campaign will be much more difficult. Both because the stakes are higher and because it will be necessary here not only to say why my rival is bad, but also what I propose to do. Are rules similar to those that were published by the TsIK necessary here? A lot depends on how many candidates start out.

[Bogomolov] But is the TsIK developing new regulations on television communications of candidates with the people?

[Blagovolin] They say they are thinking about this. It must be said that there are very responsible people there. They are much more responsible than the politicians themselves. At least, the majority. Frankly, the canvas of the future campaign alarms me very much. The last

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thing I would want is for the presidential elections to be fully discredited as a public event. I think that the elections should occur in this way. Obviously, every candidate has a right to count on the fact that several of his speeches will be shown; moreover, not only in a television studio, but also at mass rallies and other forms of communication, including paid commercials. But, first, this must be strictly limited according to film footage, and, second, there should be a series of TV debates.

[Bogomolov] Between candidates, or do you have in mind discussions with experts and journalists?

[Blagovolin] Between candidates, I think. I fear most of all that we will have 12-15 candidates for president. While we said that parliamentary elections with 42 parties were something of a joke, 15 candidates for president will simply look like an insult to common sense. It will be a psychiatric case. How will it be possible to organize all this for the television screen?

[Bogomolov] In connection with the results of the past elections, do you not think that we overestimated the significance of TV somewhat?

[Blagovolin] You see, I never believed that it was possible to make a hero out of a person on TV. Out of anyone—it is impossible. There are people from whom it is possible on TV to make a national figure on condition that this person possesses at least the necessary components for this. This is also true with respect to movements and parties. In addition, TV and the mass media have in general learned how to play a negative role very well. We have been able to become almost perfect destroyers. How to become creators—this is a question not only of skill, but also of convictions. We are very weak in a constructive sense. And, certainly, it is right to talk not about the fact that we overestimated the role of TV and the mass media from the standpoint of influence, but about the fact that we are trying to create with the very same instruments with which we have destroyed—we simply do not have any others. What we end up with are outward appearances that naturally do not arouse sympathy. For the psychology of the mass conscience it is much more usual to perceive our destructive activity.

[Bogomolov] For example....

[Blagovolin] Well, take a look. We were able in our time to prove that the totalitarian system deceived us, that it is inhuman. The press did this, TV did this. And they did it brilliantly. Today we live in another country and another system of values. Albeit not one that is settled and entirely healthy. But the way in which we are now denouncing authority reminds me very much of the period of the fiercest struggle with that regime. I want to be understood correctly. I am not saying that now we must cry "hurrah!" as in the old days, and stand up and throw our caps in the air. But we must not allow ourselves to transfer the righteous hatred of that regime to today's authorities. We will not achieve anything by doing this.

[Bogomolov] Your relations with the new Duma—how will they be built? After all, ORT's legal base is very unsteady. It can be said that you are hanging on the thread of a presidential veto.

[Blagovolin] I am not building any illusions here. They will close us once again. I, it is true, find it difficult to answer the question as to why we are so bad. In the last six months our ratings have almost doubled. And this has a rather stable character. I do not think that they will increase more, this simply is the limit. But there is no question that the level of broadcasting is increasing. But this apparently does not trouble those who plan to close us. Incidentally, neither the left-wingers nor the right-wingers.

[Bogomolov] Will the process of the leftward movement of all the authoritative structures also affect the ORT leadership?

[Blagovolin] I do not know, I believe that we have an adequately balanced leadership. The matter becomes anecdotal. One person whom I respect very much called me and said: They are very disturbed that you are a militarist and that the special services direct you. This is on the one hand. On the other hand—it is said that Blagovolin is a regular democrat and, consequently, also that I am directed by the special services, but this time those of the West. If this is approached from the standpoint of the real state of affairs, it is necessary simply to watch how we really cope with our duties.

[Bogomolov] Many perceived the verbose appearance of Zhirinovskiy in one of the newscasts as a symptom of a change in the political reference points in the information broadcasting company.

[Blagovolin] Well, it is difficult to place Zhirinovskiy among the left-wingers.

[Bogomolov] But it was the first time Zhirinovskiy spoke as a political commentator and analyst.

[Blagovolin] We generally try to make TV available to the most diverse people, and in addition we simply try to denote our position. Everyone should have the right to express their own point of view.

[Bogomolov] Will the possible changes in ORT affect you personally?

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[Blagovolin] As for my personal fate, I am absolutely calm, I myself do not plan to leave here, and, as you see, I am making no secret of this, because I will say frankly that I believe that I am where I am supposed to be. I differ from many of my predecessors in one way: I am inwardly an absolutely free man. I did not come here to make a name for myself or to make money. Rather, I am even losing one and the other here. I have an idea that I am trying to serve, and the idea is very simple—it is a calm and stable Russia. I do not want, as Mr. Zakharov wrote correctly, more fateful elections. I want normal elections, in which right-wingers will replace left-wingers and left-wingers will replace right-wingers, and this will mean neither blood nor prisons, nor that entire nightmare with which the Russian land was saturated. I do not have to wait upon anyone. I was also not the lowest person in the old structure. Not because I played up to anyone, but because, excuse me, I am a first-class specialist in my field. I am a professional. Give me a sheet of paper and a pen, and I will prove this to you easily. I am a good administrator, I am able to work with people, incidentally, thanks to the training of the old party school. This school, despite its red shade, was an amazing school of working with people. Therefore, I am inwardly free, and if I sense that I am bothering someone, or that someone will try to trip me up, I will absolutely calmly go down on the elevator, I will not jump out of a window, I will go down on the elevator from the tenth floor to the first, and switch from my official Volvo to my personal Daimler. And that is all.

Russia: Former Prosecutor General Arrested on Bribery Charges

LD1502174796 Moscow ITAR-TASS World Service in Russian 1714 GMT 15 Feb 96

[By ITAR-TASS correspondent Igor Zhukov]

[FBIS Translated Text] Moscow, 15 Feb (ITAR-TASS) — Aleksey Ilyushenko, former acting prosecutor general of Russia, was arrested today on suspicion of taking bribes and abuse of his official position, ITAR-TASS was informed by Aleksandr Zvyagintsev, assistant prosecutor general of Russia.

Zvyagintsev said that the arrest had taken place in accordance with Article 90 of the Criminal Procedure Code of the Russian Federation until such time as official charges are made against Ilyushenko. According to the law, official charges must be made against him within 10 days.

In the course of his speech in Yekaterinburg today, Russian President Boris Yeltsin announced that criminal proceedings had been instituted against several high-ranking state officials including Ilyushenko, Yevgeniy Bychkov, chairman of the State Committee for Precious Metals, and Nikolay Podgornov, head of the administration of Vologda Region.

Russia: Attack on Duma Deputy Linked To Plans for New Party

MM1602112696 Moscow IZVESTIYA in Russian 16 Feb 96 p 2

[Report by Sergey Chugayev: "A. Vengerovskiy's Political Activity May Be Reason for Attack on Him"]

[FBIS Translated Text] The injuries which State Duma Deputy A. Vengerovskiy sustained 12 February proved more serious than was reported in the mass media. The bullet grazed a bone, the knee joint was damaged, and, according to doctors, the deputy will have to spend at least three months in the hospital.

However, members of A. Vengerovskiy's entourage are convinced that the attack was not only not a coincidence but has political undertones and was a kind of "final warning."

In actual fact after his election to the Duma in 1993 A. Vengerovskiy ceased to engage in entrepreneurial activity (until his election he owned the "Krutoyar" restaurant). He was fairly successful in promoting Russian arms sales to the Asia-Pacific region, but this activity could hardly have won him enemies within the country.

On the other hand, A. Vengerovskiy has been fairly active in politics of late and has tried not to publicize his activities. I learned that the attack coincided with the registration of a certain foundation called the "National Democratic Vanguard," of which A. Vengerovskiy is the president. During a conversation with your IZVESTIYA correspondent literally the day before the attack A. Vengerovskiy said that the foundation aims just to draft laws to protect the interests of the military-industrial complex.

However, I found out that the deputy's plans go far farther than that. According to available information, the foundation is to become the basis for the creation of, first, an eponymous sociopolitical movement, which it is in turn intended to turn into a political party. The foundation's founders include major Russian military-industrial complex enterprises, in particular manufacturers of missile-space equipment and communications systems. The Defense Ministry and the national special services are also providing this new political structure with support. Incidentally, shortly before the attack A.

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Vengerovskiy was elected chairman of the Duma Committee for International Affairs' Subcommittee for Intelligence.

I learned from talking to some of the foundation's founders that it is a question of setting up a right-wing bourgeois party. The main aim is to protect the country's national interests, which are seen primarily as the interests of national commodity producers and a struggle to strengthen the democratic foundations of society — namely to preserve the existing system and develop the multiparty system, freedom of speech, etc.

Thus, as a result of his activity A. Vengerovskiy may well have won himself political enemies in at least two camps. On the one hand, he has entered into open conflict with V. Zhirinovskiy, many members of whose party sympathize with A. Vengerovskiy's ideas, which has brought the Liberal Democratic Party of Russia today virtually to the brink of a split. On the other hand, whereas until recently the military-industrial complex was counting on V. Zhirinovskiy, the Communists, and the national patriots, now it seems to be turning its gaze to right-wing democratic forces. And that means the end of financial support for its former allies.

Media Issues

Russia: Yeltsin Fires State Media Head; Appoints Replacement

LD1502174496 Moscow ITAR-TASS in English 1733 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, February 15 (ITAR-TASS) — Russian President Boris Yeltsin has signed a decree dismissing Oleg Poptsov from his position of chairman of the All-Russian State Television and Radio Company, the presidential press service reported on Thursday.

By another decree, Eduard Sagalayev was appointed to replace Poptsov in the office.

Russia: TV Chief Disagrees With Yeltsin's Critical Remarks

LD1602114596 Moscow Russian Television Network in Russian 1731 GMT 15 Feb 96

[Studio interview with Oleg Poptsov, former chairman of the All-Russian State Radio and Television company, by correspondent Nikolay Svanidze — live; from the "Details" program]

[FBIS Translated Text] [Svanidze] Good evening. Today the event that everyone has been waiting for finally happened: Russian President Boris Yeltsin officially announced in Yekaterinburg that he will run for a second term. Yeltsin hesitated for a long time, weighing all the pros and cons. And then, having already made the decision, he obviously postponed the announcement until his visit to his home town — maybe on the grounds of electoral strategy, or maybe waiting to be absolutely sure that he made the right choice. [video shows Yeltsin addressing meeting]

[Begin Yeltsin recording] I am sure I will be able to guide the country through the uncertainty, the worries, and the insecurity. That is why I decided to run for the post of president of Russia. And here, in this hall which is dear to me, in my home town, I announce this to you my fellow-countrymen, to all Russian citizens, and to the whole world. [end recording]

Yeltsin's major political opponents, communists, also made a formal choice of their candidate today, not by accidental coincidence, but as if to say: We can do it, too. It is Gennadiy Zyuganov — nothing unexpected here either. And so today the main front-runners are known, and therefore one can say that the presidential race is under way. Now the real fight for the voter will begin, and the mass media will be a major player here.

Before his hour-long speech in which Boris Yeltsin announced his decision, meeting with journalists earlier the same morning, the president harshly criticized the work of the All-Russian State TV and Radio Company and its chairman, Oleg Poptsov. He also made it clear that he would dismiss Poptsov. Oleg Maksimovich Poptsov is in the "Details" studio.

The president said today, as reported by INTERFAX: There are the first and second TV channels, but they present information in completely different ways. Channel one gives real facts, and the second one shows nothing but sleaze and violence. And more: Unlike Public Russian TV, the second channel, Russia TV Channel, does not always objectively depict what is really happening in the country.

[Poptsov] You are speaking about the president's address to the journalists?

[Svanidze] I am speaking about the president's statement in Yekaterinburg today, the one he made before he announced his decision to run.

[Poptsov] I think we should start with the main event, the fundamental event which took place today — the president's decision to run at the forthcoming elections. As a voter, and as a man who is involved in politics and hopefully understands it, I believe that President Yeltsin has made an absolutely right decision — the only possible one, in practical terms — for both the democratic forces and Russia in general, and for the president himself. That is why I believe that this is the main event.

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Now, second, I must tell you that I am not going to enter into any discussion on this issue or try to justify our actions. I will never agree that the company tells lies — and this was precisely the word that was used. I will never agree that all we show is sleaze and violence because this is simply not true. I am aware that everyone's perceptions and feelings are shaped, including those of the president. I am aware that there is always an agenda hidden behind information of this kind. This is, if you wish, the standard behavior of the apparatus under any system of power. [passage indistinct] This happened in 1991, 1992, and 1993. It is happening now. It exists in practically every country of the world, around every president or prime minister. This is the storyline and the logic of behavior of power and of the power apparatus.

[Svanidze] [Passage indistinct]

[Poptsov] I want us to understand what is going on. The fact itself that there is a Russian TV and Radio Company and that it has its philosophy, and that the president says that the channels have different broadcasting manners — this is an achievement rather than a drawback. The channels should be different. The fact that there is a company which consistently defends democratic values and reforms, consistently speaks of economic achievements — for three hours every day in the "Business Russia" program, which presents only fundamental and positive information, [words indistinct] shows that freedom of speech, of expressing one's opinion, of tolerance of differing points of view, is the main gain of the last five years which should be vigorously protected.

Well, Poptsov will go and someone else will replace him. But it is impossible to force people to think differently. [Words indistinct] I believed that working in the environment of consensus, we have been doing everything to consolidate the standards to which our president, among others, gave the oath of allegiance five years ago. We have always said that we would oppose and expose the mistakes made on this path. So, that is how it is.

[Svanidze] What a strange coincidence: The president made these harsh and critical remarks about the work of the Russian TV and about you on the same day that he declared to the whole world that he is going to run for a second term.

[Poptsov] I do not think that this will now stabilize the situation, including that in the mass media. Probably not. It will to a certain extent tighten things up. If this provokes a reciprocal tightening up by the authorities — well, it is impossible to win a battle with the mass media if you yourselves adopted the law granting them freedom. The mass media will not give up their freedom just like that.

[Svanidze] Over these five years, what have you managed or not managed to accomplish in the company?

[Poptsov] We managed to create the company and its programming. We made numerous mistakes due to stress, due to this ever-present Damocletian sword of irritation which is around. Of course, people make mistakes. These are young people. When we give responsibility to the young we always say that there will be more mistakes. But there will be energy, speed, forward movement. You win some, you lose some. But what we managed to achieve — we managed to get rid of the servile philosophy. I am very happy at this, and I always thought the president understood this. Maybe in principle it is quite normal that a president should change his team. However, I do not think it is quite right to say that all depends on the mass media. This is not so.

[Svanidze] In our country, the stakes will be extremely high at presidential elections, and the game will be played to the bitter end. A man of abrupt nature, Boris Yeltsin so far has made tactical mistakes and has had tactical set-backs. But in a big way, he has always won in the long run. However, he has never yet been put to a test equal to the one he has decided to undergo today by running for the second term. One hopes he is fully aware of this.

Russia: State Media Company Shocked by Chairman's Dismissal

LD1502230696 Moscow Russian Television Network in Russian 2000 GMT 15 Feb 96

[FBIS Translated Text] [Announcer] Today the workforce of the All-Russian State Television and Radio Company adopted an appeal to Russian President Boris Yeltsin over the dismissal of Oleg Poptsov, chairman of the All-Russian State Television and Radio Company.

To President Yeltsin, the Kremlin, Moscow.

Esteemed Boris Nikolayevich: We learnt today from news agency reports that Russia has two television channels — one that is good and another that lies and continually carries only black reports. You also spoke of your intention to remove Oleg Poptsov, the chairman of the All-Russian State Television and Radio Company, since he had not allegedly heeded your recommendations of the need not to lie but to work properly. There is nothing more shocking for journalists whose creative and human destinies are linked in the closest way to the reforms and the establishment of democracy than to hear such injustice — and to hear

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it from a president, whose reform policies despite the numerous counteractions by political opponents have been consistently and honestly covered in our television and radio company's programs. We were alongside you in June and August 1991 and in October 1993. We defended the reform policies and were loyal to state television and radio, rejecting the temptation of a comfortable existence in the commercial structures.

Our position also remains unchanged now, despite the grave threat to the fate of democracy in Russia. The company was set up and led throughout these years by Oleg Maksimovich Poptsov, a person who is infinitely dedicated to the ideas of the reforms. It was he who directed the activities of the company during the periods of crisis for the new Russia and earned the hate of political opponents. It is not surprising that the attempts to have the president impeached and Oleg Poptsov dismissed coincided in time. The opponents of the country's leaders and our company's leaders have been and still are the very same people. It is therefore all the more shocking that the wish to remove the chairman of the All-Russian State Television and Radio Company has now been expressed by you, the reforming president, on the day that you announced your decision to stand for election for a second term.

We know that the law allows you to sack Oleg Poptsov without explaining the reasons, but besides the law there are also human and professional codes. In accordance with them we cannot at this difficult moment betray our leader, who was elected to his post by the television and radio company's workforce, and fail to express our opinion to you in this regard. In the same address in Yekaterinburg you stated that you as president will be a reliable guarantor of the freedom of the mass media in Russia. We should like to believe that this is not simply a pretty phrase in an election speech but the conscious and unshakable position of the country's political leader.

On behalf of the workforce the appeal was signed by Nikolay Svanidze, Aleksandr Nekhoroshev and Yelena Dmitriyeva, members of the workforce's council.

Russia: Journalist: TV Channel 'Did Indeed Lie'

LD1602092296 Moscow NTV in Russian 1900 GMT 15 Feb 96

[From the "Segodnya" newscast]

[FBIS Translated Text] Speaking in Yekaterinburg today, Yeltsin directed harsh criticism at the work of the second television channel. The personnel implications are already clear: [Oleg] Poptsov, head of Russia Television channel, has been sacked.

[Correspondent, over video of Russia TV studios] The Russian State Television and Radio Broadcasting Company was always pro-presidential. In 1991, Oleg Poptsov created a real ideological bridgehead for Yeltsin, gathering together at Russia Television channel a team made up of consistent anticommunists. The Russia Television channel was set up for Yeltsin, and swore loyalty to him in August 1991 and October 1993 during the confrontation between the parliament and president.

Nevertheless, rumors about Poptsov's dismissal were going round from virtually his first day in the job. Today's dismissal came as a surprise to nobody, especially after the disagreements with the authorities at the start of the Chechen war and after the publication of Poptsov's book "Chronicle of the Times of Tsar Boris" ["Khronika Vremen Tsarya Borisa"]. It was not the dismissal but the timing and the way it came about that puzzled everyone, including the staff of the Russia Television channel.

[Begin Svetlana Sorokina recording, identified by caption as Russia TV channel newscaster] What is significant is the way the president assesses the work of our channel today. He says that the first channel carries real facts and the second complete and utter rubbish. We are in effect being accused of telling lies.

I would say that yes, we did indeed lie. We lied when we broadcast official statements to the effect that there was not a single person alive in Pervomayskoye, not a single hostage alive, and therefore that a mass barrage could be fired. We lied when we quoted reports that Grad devices were being used for purely psychological ends. We lied when we said — I quote — stabilization has been achieved in Russia and that prices would not go up. We did indeed lie, quoting the words of the officials who are now accusing us of lying. As to all other cases — I beg your pardon, but I do not agree. [end recording]

[Correspondent] Russia Television channel journalists see the president's criticism as directed at them, and are offended at the suggestion that another manager could change their views.

[Begin recording] [Oleg Poptsov] If you can comb through a company and purge it, that means that everything that I have done with my colleagues here can be struck out. In other words, I have done nothing here.

[Aleksandr Nekhoroshev, director of Russia TV channel news programs] This television and radio company was managed by an independent, democratically-oriented man, and if Poptsov's successor preaches other principles, he will most certainly come up against a lack of understanding from the majority of the collective.

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And I do not think that such a man would be useful to Yeltsin during his election fight, for Yeltsin is planning to run for a second term under the slogan of loyalty to the reforms. [end recording]

[Correspondent] This evening it was announced that the new chief of the Russia Television channel will be Eduard Sagalayev, currently president of Moscow's TV6 Television Company, which has virtually no journalistic or news programs. So it is as yet hard to judge how the president's political order will be fulfilled.

Aleksey Kondolukhov and Vyacheslav Titov, NTV Television Company, Moscow.

Military Issues

Russia: Yeltsin Calls For Conversion of Military Production

LD1602110396 Moscow ITAR-TASS World Service in Russian 1010 GMT 16 Feb 96

[By ITAR-TASS correspondents Yevgeniy Tkachenko and Andrey Shtorkh]

[FBIS Translated Text] Chelyabinsk, 16 Feb (ITAR-TASS) — "There is no threat of war now, and although we must strengthen the country's defenses, we must reduce the mobilization capacity and use the capacity thus freed to make civilian products." Russian President Boris Yeltsin said this today at a meeting with South Urals businessmen. According to the head of state, this can be done by presidential decree, after taking account of proposals from the localities. Boris Yeltsin said the potential of free enterprise is hardly being realized at all in the conversion and production sectors in the depressed regions. This is intolerable, and the problem has to be resolved as soon as possible, the president pointed out.

Before the meeting, Boris Yeltsin had toured an exhibition of the output of conversion enterprises, particularly the Mayak production association (Chelyabinsk-65), and he said that "the Americans have not even dreamed of such technologies. They have not got technologies like these."

We will not allow a U.S. monopoly in the world. Russia was, is, and will remain a great power, Boris Yeltsin said. The status of a great power is not measured in terms of numbers of nuclear weapons, he said. Although Russia is a country with a transitional economy, which the United States has not wanted to acknowledge, we must act from an equal partnership standpoint. I deliberately coined that phrase, and U.S. President Bill Clinton agreed with that.

Russia: Kulikov Interviewed on Economic Program, Crime

LD1502002196 Moscow Russian Public Television First Channel Network in Russian 1610 GMT 14 Feb 96

[Interview with Russian Interior Minister Anatoliy Kulikov by Dmitriy Kiselev at the Public Television studio in Moscow on the "Rush Hour" program, including phone-in questions from viewers — recorded]

[FBIS Translated Text] [Kiselev] Hello, today's "Rush Hour" guest is Russian Interior Minister Anatoliy Sergeyevich Kulikov. Good evening!

[Kulikov] Good evening!

[Unidentified announcer] Anatoliy Sergeyevich Kulikov is 47. He is an army general and a doctor of economic science. He is a graduate of the Interior Ministry Troops Military College, the Frunze Military Academy and the General Staff Military Academy. He served in the Interior Ministry's internal troops and was a platoon, company, and divisional commander. In 1990 he was appointed head of internal forces for North Caucasus and Transcaucasus, and three years ago was appointed the commander of the Russian Interior Ministry's internal troops. On 1 February 1995 he became the commander of the joint group of federal forces in Chechnya, and last July he was appointed as Russian Interior Minister. At a government session on 9 February the interior minister presented a new economic program.

[Kiselev] Anatoliy Sergeyevich, your proposals for the restructuring of Russia's economy created a real sensation and for several days now they have continued to figure among the news headlines. Have you had any regrets about this?

[Kulikov] No, I have absolutely no regrets about it. What is more, I am even pleased since, I must say, I did not expect such a reaction, including on the part of the public. It pleases me because it means that a search has begun for a way to supplement the revenue section of our budget. It was indeed a mistake on the part of your announcer when she spoke of a program. It is not a program, but elementary proposals connected with the circumstances existing at the present time.

[Kiselev] Okay. If one were to summarize them, what is their essence? If you were listing them, what is the most important element?

[Kulikov] The most important thing is that at the present time internal affairs bodies and the internal troops are, just like the whole army, not receiving their wages. Any military chief, commander, or combined commander must analyze this situation and raise the issue with his

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superiors of where the money is coming from. As the head of such a department, I am obliged to answer this question when it is posed by subordinates. I am unable to find the answer. This is the reason why at the government session I proposed a number of specific measures that it is expedient to discuss — not to put into effect but to discuss. Indeed the essence of what I said was: Let us convene a special sitting of the Council of Ministers to discuss ways to supplement the items in the revenue part of the budget. That is the essence.

[Kiselev] IZVESTIYA wrote that it was an act of desperation on the part of the interior minister, who has been driven into a corner by the lack of money.

[Kulikov] You know, that might, of course, be a little too direct and blunt, but in actual fact the situation is close to that, and here is the reason. After all, as you know, it is not just workers, miners and teachers that have turned out for protest actions. They have also involved people bearing arms.

[Kiselev] Well, soldiers have been declaring a hunger strike in Karelia.

[Kulikov] Some 20 percent of the federation's component entities are at present engaged in protest actions. There have been cases in which officers arrive at accounts department cash offices, are told there is no money, and turn around and leave. We are not meeting our contract obligations, and I am unable to find a solution to this. That is what this is really about.

[Kiselev] Nevertheless, Anatoliy Sergeyevich, so that we convey to our listeners the essence of your proposals — because I am sure not everyone has managed to read them in the newspapers and not everyone can realize their nature and formulate them for themselves — the most important element is probably the renationalization or nationalization of banks and commercial structures. Would you please tell us what you have in mind?

[Kulikov] I have already today had to explain this, including on the second channel. It is not Sharikov's [a character in Mikhail Bulgakov's satirical novel "Dog's Heart"] idea of taking everything away and dividing it into equal parts that is under discussion here. It is a question of a partial nationalization of commercial banks and commercial structures, such as that conducted during difficult times by Roosevelt in the United States during the Great Depression, de Gaulle after World War II, and the Koreans and the Japanese during their period of economic growth and industrial development. Here, actually it is a matter of state supervision of the financial flow and financial policy, including the commercial banks. It is a question of nationalization to the extent of the state having a control package of shares. After all, what has happened at the present time? A control package has been proclaimed, as it were, in a number of structures, but in actual fact there is no structure to supervise the revenue part of the budget and the movement of this finance.

[Kiselev] You named five banks — if the newspapers are quoting you accurately — that in your opinion need to be nationalized — or rather a proposal to nationalize them needs to be discussed. They are Agroprombank, Mostbank...

[Kulikov, interrupting] No, Mostbank is not among them.

[Kiselev] What are the banks then?

[Kulikov] I can simply repeat what I proposed. It concerned the banks Agroprombank, Promstroybank, Mosbiznesbank, Imperial, NGSbank [Neftegazstroybank], and Russobank.

[Kiselev] Why did you choose exactly these banks?

[Kulikov] Well, this is simply the opinion reached by my specialists.

[Kiselev] Their opinion?

[Kulikov] Yes. I proposed that this question be discussed. Incidentally, these proposals are by no means incontrovertible. They are simply a subject for discussion.

[Kiselev] In addition, you proposed the nationalization of Gazprom and LUKoil? Was that it, or was there something else?

[Kulikov] Yes, there was also AvtoVAZ, KamAZ, and ZIL. The fact is, and I repeat this yet again, that it is a matter of state supervision of the work and financial activities of these enterprises at least partially by a control package of shares.

[Kiselev] You referred to Roosevelt, and I have taken a special interest in what in fact Roosevelt did. He came to power on 4 March 1933 after being elected. He proclaimed: what we have most to fear is fear itself. Then on 6 March he declared a state of emergency under conditions in which during the years of the Great Depression the banking system had not been working. However, all the banks were opened on 15 March and all of these were deemed to be healthy. Banks in 250 U.S. towns were opened in the first week. There was no talk of any nationalization. Everything was accomplished by the issuing of decrees and firm gold backing for the dollar. So what is the case with our country? Are we referring to Roosevelt's experience because our banking system is not working?

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[Kulikov] Okay, let me give you an example. One of the southern banks in Dagestan received almost 2.5 billion rubles of budgetary money to pay workers in Buynaksk. Of this amount, it handed over 800 million rubles to the workers, and spent the remaining money as it saw fit. There is a very large number of such banks!

[Kiselev] It is breaking the law.

[Kulikov] Yes, it is breaking the law. There should be a special committee of either the state committee for the management of state property, the finance ministry, or the Central Bank for this purpose. Someone should be supervising it. At present it is not being supervised.

[Kiselev] Are there not at present levers to trace whether or not the bank is breaking the law? If it is doing so, surely it can be punished by other methods. It need not be nationalized. After all, nationalization is an extreme measure.

[Kulikov] I would after all stress that this needs to be a subject for discussion by the government.

[Kiselev] It is interesting that a month ago [Communist Party leader] Gennadiy Zyuganov said that no one is intending to send assault troops to Lukoil and to tell them: Gentlemen, your time is up, give us your shares. You are, as it were, holier than the Pope, and you are more radical than Gennadiy Zyuganov. How do you see this?

[Kulikov] Well, you see, I would not like to honestly admit that the ordinary rank-and-file policeman does not care whose bank it is, who is in control of it, or in whose hands the control package of shares resides — foreigners, or whatever. What he needs to know is that wages are paid out on the 20 of each month. When they are not, he then starts to demand them, and with all the possible negative social consequences. That is what — and it is all the same to me, too. I am opposed to a return to collectivization and I am opposed to a return to the kind of communism we have experienced, to socialism, and I am opposed to the Sharikov-type nationalization [refers to character in Bulgakov novel] that have already spoken about. It is a matter of control by the state and active participation in this policy.

[Kiselev] Anatoliy Sergeyevich, it is interesting that you have given an example of 2,500 billion rubles in a southern bank, and at the same time in southern Russia a war has been going on where billions of dollars have been put in and, according to the president's latest decree, there is also approximately 16 trillion [no currency as heard]. Take your ordinary policeman again, he might think that the money for the war has run out, new money will be needed, and this will again be put into the war.

[Kulikov] By the way, this is one of the points that I proposed the government should discuss. Of the 16 billion rubles which are being proposed...

[Kiselev, interrupting] Trillions.

[Kulikov] Trillions, yes, I am sorry. I am proposing it should be allocated only for social purposes — for paying out pensions, wages to teachers, and those who have lost a breadwinner. Also for the restoration of that section of the ruined economy that is under control and which we are confident we will never see again. What has happened? The railway station in Gudermes was restored and everything put back in order? Then another town is captured by a gang, more destruction and again we waste this money. Therefore, before constitutional order can be fully restored there this money should not be allocated in full measure. To ensure that people do not suffer, of course, we need social...

[Kiselev, interrupting] It seems to me this is the most indisputable point of your proposals and everyone simply has to applaud you. But on the subject of nationalization, this is the kind of analogy that springs to my mind. The mice have got together and decided how to neutralize the cat. They cannot think of anything better than dangling a small bell in front of him. All is fine, but the trouble at the meeting of the mice starts when they have to decide who it is who will dangle the bell. So, who will dangle the bell, who will go to Gazprom and say give us your shares, who will go to Lukoil, who will go to the Imperial bank? What will happen, a civil war, or even bloodshed?

[Kulikov] No. What is being done in the commercial banks today before the tax police come in? The tax police come in tomorrow. Today, the managers of this bank are gathering all their entourage together and carefully instructing them what to say and what to show. In other words, money — state money — is going out, not to the treasury but somewhere to the side. It is being used for the personal purposes of these managers or going to specific individuals. Is this normal?

[Kiselev] No, it is not.

[Kulikov] And at a time when the teachers, miners, police, soldiers, and officers are not getting their wages, people who have absolutely no other sources [of income] apart from that of an officer, lieutenant, or lieutenant colonel. He goes off to war and his family — his wife and two children — stay behind, and he has to feed them. What do you propose? I propose that this situation should be discussed. If they turned out to be intelligent and sensible kids who are capable of concealing these incomes from tax, then why is the government

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unable to find intelligent and capable decisions in order to prevent this?

[Kiselev] I totally agree with you.

[Kulikov] That is all it amounts to. Let us discuss all the rest. Let every minister express his point of view on this. We are ready — there are specialists in the prosecutor's office, we have good specialists, as does the Ministry of Economy. Let us set up a think-tank that will get down to work and lay down some rules so that within a month these streams will begin to flow into the state treasury.

[Kiselev] Anatoliy Sergeyevich, lest our viewers should think the crime situation — we are talking about crimes here — is in a better state than the economy, we have put some statistics together. Please.

[Unidentified announcer] The increase in the number of traditional types of crime and the appearance of new types of crime against the person have led to a situation in which the crime clear-up rate in the country as a whole has decreased from 95 percent to 73 percent over the past ten years. Last year 32,000 premeditated murders were reported, as well as 62,000 cases of grievous bodily harm, 12,000 rapes — according to some data only 2 percent of victims of sexual aggression report it to the militia — 16,756 children and adolescents were victims of crimes. Without taking account of hot spots the increase in the number of people killed in Russia is 1.3 times greater than [the increase in] those who died naturally. This material is taken from the newspaper SEGODNYA on 17 January 1996 and VECHERNYAYA MOSKVA of 4 January 1996.

[Kiselev] Anatoliy Sergeyevich, do you not think that against the background of these statistics people could put forward an alternative proposal about private structures? You propose nationalizing them but other people will say that the militia is working badly so let us privatize it. At present people already maintain private protection structures as they do not have much confidence in...

[Kulikov, interrupting] In effect this is already under way.

[Kiselev] It is under way? How?

[Kulikov] In the way that you have mentioned — the setting up of private security structures, private protection structures which, in violation of the law on operational and investigative activity, are beginning to engage in this operational and investigative activity. Then, if a crime is committed, it is reported first to their own security service rather than to the militia. Although, in the final analysis all this leads to negative results.

I would like to say that a month ago we signed an agreement with the Association of Russian Banks and we have made very good progress on this. I think that we are already beginning to implement it.

There is one thing that is connected directly with the economy: criminal tendencies are evident here. The growth in economic crimes, the wave of economic crimes — I have spoken and written frequently about this — is increasing in the country, precisely because of the absence of state supervision over the work of commercial structures and commercial banks. Let me remind you briefly that, according to the law, the militia does not have the right to check its facts in a commercial structure. Commercial secrecy applies there, until criminal proceedings are instituted. It is not possible to institute criminal proceedings because it is not possible to go in there and gather evidence about the corpus delicti.

[Kiselev] But all the same, in this respect, nationalizing the banks sounds just like saying that the best treatment for a headache is the guillotine. Surely there are more refined medical methods and also in the economy.

[Kulikov] Yes, evidently there are. For the third time I repeat that it is the government's task to determine the terms and the measures.

[Kiselev] Now here is an international reaction to your proposals. Professor Richard Layard from the London School of Economics gave a news conference in Moscow, there is an article about it in the IZVESTIYA. He said your proposals — in the economic sphere, not those regarding Chechnya or the Ministry of Internal Affairs — did not give reason for particular optimism. He recalled an unsuccessful attempt by French socialist President [Francois] Mitterrand to nationalize banks. It simply does not work, it is unrealistic.

[Kulikov] You know, I am not claiming, I am not saying that what I am proposing is an absolute truth. On the contrary, I am saying that we must — would you agree that, when the situation is abnormal, we must draw up a package of measures and propose them to the government's chairman and the country's president so that these measures could be adopted to overcome this crisis? What do we have now? Everyone is criticizing — yes, I can repeat that I am glad that there is a lot of criticism — everyone is criticizing: Anatoliy Borisovich Chubays [former first deputy prime minister], highly respected by me, is criticizing, Gaydar [former prime minister] is criticizing, Eduard Nechayev [former health minister] is criticizing. But what did they themselves propose, except criticism?

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I, who is regarded as an dilettante, am being criticized for outlining these ways. What did they propose? Nothing, except criticism and excuses.

[Kiselev] You put it very strongly when you said that they had proposed nothing. Above all, it was Chubays who carried out privatization. Gaydar has his own program. You cannot say they proposed nothing.

[Kulikov] About privatization — you know, he said, Anatoliy Borisovich [Chubays] mentioned the 7,500 billion rubles [received by the state as a result of privatization] which — he said it himself — very often did not stay in the treasury or in the budget for more than an hour and a half. It was distributed immediately, among other things to pay salaries. And that was abnormal. The money from privatization should have been used to develop the country's economy.

[Kiselev] Anatoliy Sergeyevich, I am not ready to act as a lawyer for Chubays, Gaydar, or anyone else. I am here to clarify more fully your proposals and your position. Let us proceed in this direction. Are you not afraid that this nationalization may deprive Russia of billions? At present the IMF is promising $9 billion.

[Kulikov] Has the IMF given any money yet?

[Kiselev] Some money was received last year...

[Kulikov, interrupting] We have been hearing about that for three years now, but we have not received a single dollar yet. And it is unlikely that we will ever receive any. I would like it very much and I do hope very much that is going to happen. But we have not received anything yet.

Why are you latching on to the word privatization? I repeat, I am talking about state control here. The banks I mentioned here, which takes state money and then gives it back to us, including the military, the Defense Ministry, as a credit with 30, 50, or over 100 percent interest — these banks must be simply liquidated. And only those banks must be kept that can work honestly and honestly contribute, by paying taxes, to the budget's revenue part.

[Kiselev] Where does the Ministry of Internal Affairs keep its money? Is this bank on your black list?

[Kulikov] The Ministry of Internal affairs keeps its money in the Central Bank. I have signed an order prohibiting money from being kept in commercial banks. Incidentally, that was the decision by the country's president. At the last meeting of the Security Council he prohibited credits from being taken from commercial banks. On the other hand, we are being pushed toward that by the Ministry of Finance. Even with 30 percent interest, it would be catastrophic for us: a third of the budget allocated to us would be lost.

[Kiselev] Anatoliy Sergeyevich, there are a lot of calls waiting. Let us give our viewers an opportunity to ask their questions. First caller, please.

[First caller by telephone] Hello, good evening! Anatoliy Sergeyevich, this is Kirill Vyacheslavovich Sevostyanov. Could you please say what you think about the following: some soldiers and officers in Chechnya think that, if our army and our officers were not hampered, they would finish the rebels off within 24 hours. What do you think? Thank you.

[Kiselev] If our army and our troops were not hampered, the rebels would be finished off within 24 hours. What do you think?

[Kulikov] The person who asked the question said if the soldiers and officers were not hampered — that smacks of anarchy. As for my point of view regarding Chechnya — I repeat, this is my point of view — it boils down to the following. At present Dzhokhar Dudayev — despite all proposals, all options that are being proposed, inter alia to the president — is not capable of a constructive dialogue. Dudayev is doomed at present. That follows from his own words. Therefore, we must prepare our units, including army units and law enforcement forces, and implement the president's decree in the part relating to the elimination of terrorists, their seizure and liquidation, and restoration of the constitutional system. And to continue disarming...[changes thought] A combination of the measures that are being taken by Doku Zavgayev [head of pro-Russian Chechen government] at present, together with the joint command, on the one hand, and strong-arm methods to rout and eliminate terrorists, on the other.

[Kiselev] Thank you. We have literally few seconds for the next and last question.

[Second caller by telephone] Could you comment on the phrase by an authoritative person: the state is interested in maintaining crime at the level that is of benefit to the state.

[Kulikov] I think that it is a profound delusion to think so.

[Kiselev] Thank you very much. Russian Interior Minister Anatoliy Kulikov, who has provoked a serious debate on the ways of economic development in Russia, was the studio guest in the "Rush Hour" program. Goodbye!

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Russia: Kulikov's Speech on Economic Proposal Reported

964F1084A Moscow ARGUMENTY I FAKTY in Russian Feb 96 No 7, p 6

[Unattributed report on a speech by General Anatoliy Kulikov: "What Is General Kulikov Proposing?"]

[FBIS Translated Text] Toward the close of a 9 February government session Minister of Internal Affairs Anatoliy Kulikov presented not a report on how things are going in Chechnya or on how the police are catching criminals but the most economic program imaginable.

Here are the basic propositions of the speech of General Anatoliy Kulikov drawn on the basis of the conclusions of MVD experts.

The underfunding of the Ministry of Internal Affairs and the armed forces and the critical situation concerning "the pay and allowances of the organs" are making these departments hard to lead. **Hunger strikes and work stoppages are taking place, and we have already stopped catching criminals. The army has now begun to grow demoralized, as in February 1917, only at that time this occurred under the influence of Bolshevik propaganda, now, because of the chronic nonpayments. Instead of R3 trillion, only R1.7 trillion were allocated in 1995** (here and subsequently the proposals of A. Kulikov, which he expressed in addition to the analysis which had been prepared by the experts are in bold face—Ed.). In response to the Ministry of Finance's references to the absence in the budget of funds over and above the legitimized items of expenditure, the MVD experts conducted their own special study and prepared the following proposals:

—Reduce all unsubstantiated expenditure and patently inefficient projects, of which there are many. Some R50 billion are allocated, for example, for the preparation and staging of the Russian Samovar Festival. **"We should simply institute proceedings against those who slip in such proposals."**;

—Commission the government to analyze the results of verification of compliance with the edict on the use of administrative buildings to house commercial outfits and to pass on the material to the Procuracy for the institution of criminal proceedings. According to MVD data, the treasury is receiving nothing from the lease by commercial outfits of 70 percent of the buildings and installations that have been transferred to them (there was thus a shortfall last year in receipts per the corresponding items from the Ministry of Foreign Economic Relations of R51 billion, from the Ministry of Atomic Energy, of R34.3 billion, and from the Ministry of Social Protection, of R3.4 billion; the treasury experienced a shortfall of approximately R100 billion all told). **"Government premises are essentially being exploited by commercial outfits free of charge."**

—Partially nationalize commercial banks and commercial outfits which occupy a monopoly position on the market, with the transfer of the controlling block of shares of these financial and industrial companies to a specially created state committee for management of the assets of these outfits. We are talking about major banks and companies of the extractive sphere, only 40 percent of whose shares is publicly owned (the Gazprom Russian Stock Company and the LUKoil and Yukos companies, including the Promstroybank and the Mosbiznesbank). **"The directors of these enterprises have for a long time been turning over in their minds whether to give money to the state or not, but world practice shows that such industrial and financial giants should have no less than a 50-60 percent government share and the corresponding management of their resources and resources."**

—In order to stimulate the return to Russia of the debts of the CIS countries, which even now constitute approximately $9 billion, it is essential to issue securities against their credit instruments, which, having been sold or put in pledge, could create a clear threat to the budgets of the states of the near abroad and thereby force them to pay up;

—Nationalize the Soviet overseas banks in Paris and Luxembourg, the Russian Bank in Zurich, and the Moscow Narodny Bank in London, which were formerly created "in case of war or to fund the world proletarian revolution." **"Two or three trillion could simply be squeezed out of them, and there is absolutely no need here to pay any heed to the opinion in this connection of world financial organizations like the IMF."**

—It is necessary to reconsider the expediency of the preservation in the former amounts of the gold and currency reserves of the Russian Federation Central Bank, which are allegedly being channeled into support of the currency band. **"The currency band could be widened and the Central Bank allowed to partially balance fluctuations in the value of the dollar on the market, but to use some of the funds, all the same, for urgent requirements."**

—It is necessary to reconsider excise and tariff policy in relation to oil and petroleum product exports, having raised the duty on oil to 10-15 ECU per tonne with a simultaneous increase in excise duty.

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—Abandon inefficient budgetary outlays on, specifically, restoration of the economy and social sphere of the Chechen Republic, because of which the state is incurring colossal material losses as it is. **"To pay only pensions and benefits to inhabitants of this territory, and as far as everything else is concerned, to wait until there is a general stabilization of the situation, otherwise money from the Russian budget will frequently end up directly with the Dudayevites. To invest money in Chechnya here not via 11 authorized banks but only via five, as is supposed to be the case."**

—Liquidate the "black holes" of the federal budget. An example: a document on the Ingushetia international business center appeared on 3 February. Everyone is altogether exempt from taxation and export and customs control there, and a system of the anonymous ownership of the companies themselves within the center has been introduced here. There are only two conditions for becoming the owner of a firm in the Ingushetia center—the contribution of $2,000 to the authorized capital and the fact of a permanent place of residence overseas, which every self-respecting crime boss has.

—Introduce by special edict the compulsory declaration of the origin of capital for individuals and legal entities and also verification of the validity of the ownership of real property. **"Unless sufficient justification is furnished, housing and other real property is to be confiscated with its subsequent sale on the market."**

...So the army and the "organs" have studied ways in which the situation may be saved and in which they may be extricated from their calamitous situation. Anatoliy Kulikov himself declared after the government session in an interview with an ITAR-TASS correspondent: **"Our conclusions are not incontestable but this is what is readily apparent."** It was urgently recommended, incidentally, that the representatives of the press, who heard all that the general said at the meeting, not disseminate the information. Nor is it known (as yet, at least) how palpable is the desire to implement all the points of the program that he expounded.

It should be noted also that Anatoliy Kulikov's speech was received at the cabinet session in the absence of Prime Minister Viktor Chernomyrdin, who is vacationing in Sochi. First Deputy Chairman Oleg Soskovets presided in this connection, he being the one, incidentally, who not that long ago, at a board meeting of the Committee of the Russian Federation for Metallurgy, was consoling the directors of the most important enterprises of the branch and commenting in very unflattering terms on "certain leaders who have thus far been attempting to realize Western reform plans in Russia without regard to national specifics" and who, in addition, virtually promised a fundamental plan of reform priorities.

Since Anatoliy Kulikov delivered his statement not just anywhere but from the platform of a session of the government and, in addition, demanded, as a member of the Security Council, that a special meeting of the cabinet be convened in this connection, there may be no doubt that it will not go unattended or unstudied and that sooner or later conclusions will follow. While a storm of emotions of a frightened liberal community in connection with the threats which have suddenly emerged has not yet arisen, the first reaction of members of the cabinet after several minutes of sepulchral silence was as follows:

Oleg Soskovets (first deputy chairman of the government): **"In connection with the truly difficult position of the army and the MVD, it is essential that the government form its opinion on the funding of the power structures."**

Yevgeniy Yasin (minister of economics): **"The proposals are not incontestable, and a special session of the cabinet should hardly be called to discuss them. My attitude is ambivalent, and I cannot and will not comment."**

Andrey Kokoshin (first deputy minister of defense) displayed undoubted solidarity with A. Kulikov, making no secret of this: **"The MVD has a far broader and deeper understanding of the situation than the army."**

Russia: Grachev Justifies Kulikov's 'Desperate' Proposal

LD1502184396 Moscow INTERFAX in English 1404 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russian Defense Minister Pavel Grachev has spoken out in support of proposals made by Russian Interior Minister Anatoliy Kulikov earlier this week to raise money for the Russian armed forces and law enforcement bodies.

"There are many positive aspects in the latest proposals by head of the Russian Interior Ministry Anatoliy Kulikov, though it was a cry of despair," Grachev told journalists Thursday.

"The situation with financing the Defense Ministry is also complicated, but it is not so critical and desperate as in the Interior Ministry," he said.

"These are our common difficulties, but I have learned to keep my mouth shut during my four years in office," he said.

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"The armed forces are still afloat, do not hold protest meetings, and, moreover, fulfil their tasks in hot-spots with dignity," Grachev said. The Interior Ministry is in a more difficult financial state, there have already been protest meetings and hunger strikes in several police units and in detention centers and colonies.

"This has forced the interior minister to voice these desperate proposals," Grachev said.

Russia: Grachev: Defense Ministry Funds 'Extremely Grave'

LD1602002196 Moscow ITAR-TASS World Service in Russian 1525 GMT 15 Feb 96

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] MOSCOW, 15 Feb (ITAR-TASS) — Defense Minister Pavel Grachev has described the state of funding for the Russian Armed Forces as extremely grave. As of today, the state's debt to the Defense Ministry, including last year's debt, amounts to about 20 trillion rubles, including over 15 trillion for 1995, the defense minister said today in his address to the second congress of the Federation of Trade Unions of Workers and Office Staff in the Russian Armed Forces. The amount of money which the Defense Ministry received from the budget was 5.7 trillion less than it should have been, just for wages and cash allowances alone.

Referring to the military budget for the current year, the minister stressed that his department had sought 71 trillion rubles for the Army and Navy, but had been allocated only 41.1 trillion. It asked for 28 trillion for the purchase of armaments and materiel, but was allocated only 13.2 trillion. For research and development work the ministry sought 13 trillion but got only 6.5 trillion.

Answering questions from journalists, the Russian defense minister disclosed that at the last session of the Russian Federation Security Council, Russian President Boris Yeltsin had some harsh words to say about funding of all the power-wielding structures. The government has drawn up a monthly timetable for funding of these structures and has promised that by 23 February it will settle all budget arrears in the payment of Defense Ministry wages.

Regional Affairs

Russia: Text of President Yeltsin's Yekaterinburg Speech

LD1502165596 Moscow Russian Television Network in Russian 1205 GMT 15 Feb 96

[Russian President Boris Yeltsin speech in Yekaterinburg on 15 February—recorded]

[FBIS Translated Text] My dear fellow-countrymen: I have been talking to people on the streets all day, so my voice has gone a bit. I am happy to be back here, in my native Sverdlovsk, Yekaterinburg, Sverdlovsk Region, in my native land where I was born and where I lived and was brought up, where I worked and spent most of my life, apart from the last 10 years in Moscow, which have not been very cheerful.

I am glad to see the faces of my friends who have supported me through all these years. It is important for me to know your attitude to what is taking place in Russia, how you are coping with difficulties, and whether you have been successful. You know that one of the aims of my visit to my native city is to seek advice and take the final decision on a serious matter. My term as Russian president is expiring, and the moment has come to take a difficult decision on whether I should stand for Russian president for a second term. There have been many different pronouncements on this subject in the press and on television. People are raising this topic at meetings, as was the case in the streets of Yekaterinburg today. The time has come for me to speak out, taking into account the views today of people who, despite problems and difficulties, said that I should stand for a second term.

The five years which have gone flying by have been extremely eventful. This was a transitional stage in the life of our fatherland, in the life of every Russian citizen. In a historically very short timeframe, we had to tackle simultaneously a vast number of problems. It was even difficult to choose priorities. If you remember, in August 1991, we had thought that the worst was over, people had opened their arms to breathe in the air full of freedom and hopes.

Although we believed that well-being and prosperity were around the corner, it was only a beginning of great changes. In all the subsequent years, we conducted an agonizing search of the least painful ways out of crisis situations which followed one another. It was primarily your support, your faith in the changes that saved the reforms in the most difficult moments. Much became history in those five years, which are as significant as a whole epoch.

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In the beginning of the 1990's, control was lost over the old Soviet state machine, which fell apart. We began our transformations in the unfavorable situation when the old Union state was disintegrating and the new Russia was being built. The country was on the verge of famine. How quickly have we forgotten the huge lines for bread, sugar, and other foodstuffs in 1991! People formed lines from the evening through the night and set up bonfires to keep warm. The system which some today are still longing for had completely exhausted itself. That is why it was our duty to undertake drastic economic measures in the beginning of 1992.

We set out to create a market economy, and these reforms met the most furious resistance of old-fashioned ministries and departments, incapable directors, and often the local administrations, which were unwilling to change.

I remember how in 1992, I arrived in Sverdlovsk Region. There were so many demands to act more quickly, more toughly, more sternly, and it was the same all through Russia. Everyone wanted to get rid of the past as quickly as possible. We even had to restrain the onrush. It was impossible to destroy the administrative command system straightaway. It would have led to chaos and unpredictable consequences. Therefore, we had to build a market economy while carrying out a gradual dismantlement of the old one.

Sometimes, they talk of the inconsistency of the actions, of the frequency of personnel changes in the Russian Government. But only thanks to up-to-date — to well-timed amendments, was the market reform strategy sustained and is now being sustained. It was important to maintain the necessary balance in the government. Both bold, young reformers and seasoned economic planners worked on it.

Of course, I made mistakes. It was particularly bitter when I was mistaken about people. God alone knows how many deep scars the departure of recent comrades-in-arms left on my heart. And my sleepless nights consist of endless, tireless analysis of what has been done and thoughts of the future. During these long nights, I think things over, I argue with myself, trying to understand whether or not the path we have chosen is the correct one. Does it lead to a life worthy of a great country? And each time that I ask myself this, I become convinced that we have chosen the correct path, and under no circumstances should we leave it. [applause]

So what have we achieved in these years? A modern market infrastructure, a commercial, banking, finance infrastructure, is taking shape in the country on the basis of free market prices and the initiative of its citizens. A new generation of financiers, bankers, executives, experts in the services sector, and so on, is growing up. Many of them are as good as their counterparts in the leading Western countries.

We have succeeded in curbing inflation. Remember how rapidly prices were rising two and three years ago? It was impossible to keep up with them, prices swallowed up all people's savings. The rise in prices has still not been halted, but it has slowed, as inflation fell from 26 percent at the start of the last year to 3.5 percent by December.

I know that the prices problem has not been finally resolved, but there is more to this than prices. Our children and grandchildren will not know what shortages, ration cards, and graft are. They don't know about hours-long lines, but does everyone have the opportunity to buy what goods they need? That is the key issue, the central strategy of the economic reforms.

This year, we are starting to restore people's savings, index-linking their savings bank accounts. We are doing everything we can to return to people, first and foremost our elderly people, what they earned in the course of their lives.

I was touched to the heart by a letter from veteran Valeriy Rozhdestvenskiy of Nizhniy Tagil and his daughter. They had a fire in 1994 and their home was seriously damaged, but they did not receive adequate help and the money they had saved up, which might have come to their aid, was completely devalued. How many such events occurred throughout the country? Our older generation lived through numerous monetary reforms, compulsory state loans, and finally their savings being made worthless with the current reforms.

The time has come to pay back our debts with gratitude for their great patience and self sacrifice. We are obliged not only to correct the injustice done, but to prevent a repeat of this in the future. This now seems more and more a possibility to me. The slump in production has been virtually halted in many branches of industry, but we will not rest at this modest achievement. There are many factories capable of producing things. There are many enterprises capable of producing the goods which people need, but they are suffering stoppages and some are simply at a standstill. Consumers are already missing Russian goods and the workers are fed up with the stoppages. We are in a position to change this odd situation. The economic foundations for this have been built, and they are deep. The ruble exchange rate against hard currency has been stabilized. The empty coffers which the Union leadership left us, along with the debts to foreign states amounting to $87 billion, have been

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replaced by us today with reserves of $13 billion in gold and hard currency reserves.

This provides a strategic safety margin. We have overcome our isolation from modern technological achievements in the developed countries, we have something to trade with, we can join in the tough competition on the international market. This does not just apply to raw materials and fuel. It applies primarily to state-of-the-art technology: aircraft, space technology, vehicles, arms, and many other things.

If we do this, the economy will revive and people will definitely feel the results in their everyday life. There are already positive signs of the new developments. In our hometown, for example, the construction of a wonderful subway system is continuing. I visited it for the first time today. It was great to see the result of something which we began together. I remember the time we were literally fighting with Gosplan [State Planning Agency] and the government, with Brezhnev and Kosygin, about the idea of the Urals subway system. I remember we started to build it in 1982. There were so many pessimists then, there were so many people who said the type of rock here is not passable. But nevertheless, we did it. We put the pessimists to shame, the subway system in Yekaterinburg showed once again that the people of the Urals are capable of overcoming opposition and any types of rock. [applause]

I know about the plans to produce a new tram at the transport machine-building works, I saw it at the exhibition here. I will give the necessary aid to this project. Good trams are needed by Yekaterinburg and by other towns in the Urals and the country.

Great changes have taken place in Russia's political life. Each of us has acquired a real right to choose. The local, regional, and federal authorities cannot fail to heed the voice of the electorate. Both in the state administration and in the localities, there are a lot of time-servers, indifferent and irresponsible people, but it will take time and demands from us all to rid ourselves of them. The main thing is that elections should continue to be an integral part of our lives. This is the only way for the state to recover, to be a state which serves its citizens, and not the reverse.

For the first time in many decades, there are no political prisoners in Russia. No one is going into camps. We are not expelling people from the country or depriving them of citizenship for their political, religious, or ideological convictions. Anyone can leave our country and return freely. I like it when I have two folders on my desk, and in one folder I am signing documents depriving people of citizenship — at their own wish, of course, it is people who wish to go somewhere — and the other folder has applications for Russian citizenship, and these folders, if the left one is thick and the right one is thick — to acquire Russian citizenship — then now, the situation is reversed.

Nearly every day, several thousand people want to obtain Russian citizenship, come to Russia, return to Russia — people who once left, under one circumstance or another.

The mass media really have become free. The simplest thing now is to criticize the president. True, at times there is no call for this. Can you remember a case where the head of state was criticized in Russia? Never. But now, alright, it might annoy me, but, well, I can put up with it. There are insults. There are simple lies. There are rumors. There are all manner of things. But I do not want to follow the American example and go to court and waste all my savings — I do not have any, anyway. I can say here that the opposition takes advantage of all the freedoms and never tires of calling this authority a regime, all but a dictate [diktat] — not in the kitchen, not in whispers, like in the time of the almighty Politburo, but on the streets and squares, in the newspapers, on television, in conference halls.

Today, political freedom is perceived by us as something necessary and eternal. Many see the recent past in a different light. But how fragile is the border that separates us from the gray, stifling yesterday. It is a trait of memory to forget everything bad and remember the good.

Let's once and for all understand that there is and should be no way back. I say that in full appreciation of the full drama of our time. This has taken its most serious form in the Chechen crisis. Here for the first time, we ran into irreconcilable separatism which blocks any attempt to remove this seat of tension. I think we are all united in wishing to see this crisis settled in the shortest possible time so that danger does not spread from Chechnya to other Russian territories. I am certain that we will have this in the next few months.

The initiative put forward by Boris Nemtsov, Nizhniy Novgorod governor, to collect signatures for the immediate withdrawal of the troops from Chechnya has provoked heated discussions. Others demand that scorched-earth tactics be used in the area. These are extremes which will not solve the conflict. What will be the consequences if our soldiers leave? After all, Dudayev's gunmen will remain and they will shoot, aiming their weapons at those Chechens who disagree with Dudayev's bloody deeds. And there are quite a few of them. What line will the gunmen take in the republic's northern areas? What line will the Cossacks in the neighboring republic take, and so on?

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We have made many mistakes in solving this crisis, and we have no right to repeat them. We have no right to take decisions leading to new mistakes. Dudayev understands that it is only through war and war alone that he can support his prestige. If the situation becomes stable, this would spell his political death, although neither he nor his regime has been recognized by any state in the world. And the fact that in January, the gunmen sharply stepped up their activity in Kizlyar demonstrated their reaction to the peace offensive which is actually under way in Chechnya under the leadership of Zavgayev, head of the republic. This process is being supported by the majority of the population, while provoking frenzied resistance from the gunmen. Chechens are starting to find agreement with Chechens; normal life, power, and infrastructure are being restored. The federal bodies are assisting them, and this is the main precondition for pulling out the federal troops and ensuring a peaceful life for all people.

Assistance to Chechnya is yet another issue. Considerable funds are being channeled there, but I will say frankly that there is no procedure controlling the way they are spent. We are now putting these things in order. First, we plan to allocate money not to Chechnya in general, but to a single destination, to the republic's legitimate leadership, the republican government led by Zavgayev, and he will be personally responsible for it. This will prevent this money from leaking to Dudayev. Second, funds should be allocated only to demilitarized areas which are not under Dudayev's control; otherwise the funds will again end up in his hands, too. In the whole world it sometimes takes decades to solve such conflicts.

We must undo the Chechen knot much faster, within months.

Dear fellow countrymen, the period of transformations has not been finished yet. It has turned out to be much longer than what we all wanted. We all want to be free, and for the sake of it, we virtually burst into the period of reforms five years ago. I must admit that on occasion, we attempted to get ahead of ourselves and of the time. It turned out that not everyone was psychologically prepared for the new conditions. However, we have managed to do quite a lot. The energy of the forward movement has been accumulated, and this is why we have to carry on and make sure freedom is there for all citizens, that it brings justice, democracy, and well-being primarily to the weak and the underprivileged. This is our main objective for the next five years.

We have completed the liberalization of the economy, the first and hardest stage of the reforms. The second stage, that of financial stabilization, is nearing an end. We believe that the third and final stage is reforming the economy. Its essence is in stimulating production and investment, including capital investment.

I have had so many meetings today, and everywhere we discussed capital and other investment. All I heard was: president, give, give, give, give, give. I indeed gave to some, who did not ask for a lot; but to those who asked for a lot, I could not give. We will give them some money in a while. I have a small presidential reserve in the budget, not a huge one, just 100 billion.

That is why, when the Konfi factory says that it has foreign equipment for three production lines and also there is equipment and buildings suitable to produce baby food, which is in such short supply in our country and we have to buy it abroad, and all they are asking for is $10 million to complete everything and start production — how can I refuse to give the 10 million, you understand?

We must, of course, give. When Eduard Rossel asks [words indistinct] then of course [words indistinct] it becomes more difficult. [Laughter] I say, let us share it out — you give one part and we will give another from the regional budget. True, he is being quite modest, I would say. We, my fellow townspeople, we have long worked hard and respected one another and we are trying to support one another, and I am confident that with such leadership — from the whole leadership of the region and the town — it is possible, of course, to make things better in the town and the region, better than they are today.

The third and last stage of the reforming... [applause] of the economy. Its essence lies in boosting production and investments. In the next few years, the guarantees of the social and economic rights of citizens are to be strengthened substantially. Look: for three months foreigners have virtually stopped investing, in other words, bringing their capital into Russia. Why? They are awaiting the presidential elections. Why? Either the reforms remain or they go backwards. Or privatization will be destroyed, joint-stock companies will be destroyed, land ownership will be appropriated, privatized housing will be taken away, and the houses they have been building will be taken away. And so on, and so forth. That is what they are afraid of. So they are waiting for June. And what will happen in June? There might be a huge tide of capital investments in the second half-year which may be used to raise the economy so that the inflation figure in the second half-year will be two, or a maximum of three percent, no more.

In the next few years, the guarantees of the social and economic rights of citizens are to be strengthened substantially. An active social policy will not run

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counter to economic stabilization. Yes, just as we have started to put social matters right somewhat, the International Monetary Fund turns around and says: We will not forward to you the next installment. Clinton, Jacques Chirac, Helmut Kohl [word indistinct] had to be brought in, as this was not fair. What are you doing, making a mockery of Russia? But still, we came to an agreement.

First and foremost, it is necessary to do away with the disgraceful practice of holding up wages and pensions. There was a time when I used to begin and end my working day with questions about the food situation and about bread. Now, the most important problem is financial hunger. There is a chronic shortage of money. And at the same time, whereas before, without bothering to count, they kept on printing paper money and even bought in extra machines. They are also there in Sverdlovsk region, and in Moscow, too. And they printed paper and wooden money.

I now give you my word as president: we are not issuing a single wooden ruble. You can welcome that. [Applause]

There are some people who, wishing to get out of this serious position temporarily, come to me and say: Mr. President, Comrade President or just plain Boris Nikolayevich, just allow us to issue just some 20 trillion in banknotes, and we will be able to give everyone all their wages, everything will be calm, and there will be order in Russia. No! Then we would get new tumors in Russia, which we then, as you know, have to survive and then have to cut out anyway. That is how it is. It does not heal. We cannot go down that road. It is too easy, too cheap a road. It was once like that, and that is how we got foreign debts of $87 billion.

The state, business, and people are chronically short of money. Everyone has felt the effects of the tough financial policy. But the outcry over the tough financial policy has started to act as a cover for numerous financial machinations, poor executive discipline, and individual wrongdoing.

There is a chronic shortage of money among state enterprises, and everyone has had a taste of tough financial criticism. But outcries over tough financial policy have been used to cover numerous financial machinations, poor executive discipline, and personal abuses. Yesterday, criminal proceedings were begun against major figures: former chief prosecutor Aleksey Ilyushenko for major machinations, current head of administration of Vologda Region Nikolay Podgornov, chairman of the Precious Metals and Stones Committee Yevgeniy Bychkov — a native of these parts, incidentally. Yevgeniy Matveyevich Bychkov — do you remember? Caught out. [scattered laughter] I will probably write an application for him to be sent to Sverdlovsk Region.

After the decree on the fight against corruption, bribery, 1,200 people — leaders — were prosecuted and sentenced — 1,200 people in Russia. How many have not yet been identified? At the beginning, there was a lot of apprehension. Even now, so as to detain the three, the general prosecutor came to me, so as to consult. These are important people. How? They have stolen a lot. The work has to be taken to the end in line with the Constitution and the Criminal code, in line with the law. That is it. We are not picking on any individual. No matter who is concerned, this is how it will be from now on, and this is how it should be in Sverdlovsk Region, Eduard Yakovlevich Rossel!

How much of our hard currency was taken abroad by the mafia! No one knows such figures. They took it. We detained some people, but there those who are walking free. I do not think that even a powerful head has the possibility [sentence as heard]. We have such people who every year rest in Cyprus, on Corfu island. The president does not have such a possibility. At the moment, all the planes that fly from Russia abroad are packed. All the planes are packed. There are not enough tickets. They all want to go to Paris, Vienna, Budapest, Washington, and so forth.

During this time people have not been receiving wages for months while the banks make the money work for them. By the decision of the board of the shareholding company, its president receives 30 million rubles [R] a month. He has no shame of receiving this salary. At the same time, the working class has not been receiving any wages for two months. What is this? This is already the lack of even a drop of conscience in a person. Can he, [name indistinct], lead? He cannot! He should not! He should be immediately relieved from work after my visit. Only in this way! Do you think that tomorrow will be late and it ought to be done today? [voices in crowd say yes]

I understand that there is a legal side to it, and that the wage of the president of the shareholding company is set by the board. The board determined it. Then you provide normal wages. You will have to work very hard so that everyone is provided for, so that everyone receives wages. At the Konfi factory today there are about 2-3,000 young, good-looking women, working in a calm and happy atmosphere. Each girl receives R1-1.2 trillion. It is possible to work normally. It is even possible to maintain a husband. [crowd laughs]

It is said there are not enough husbands to go round. Conclude an agreement with a college, I say. By the end of [word indistinct], within a day you will have quickly

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established contacts. Children will soon be on their way. [crowd laughs and applauds] I know such enterprises. You have — rather, we have ones like that here in Yekaterinburg. Take the worsted cloth combine or the chemical engineering plant. On the right-hand side of the worsted cloth combine there is a college, the higher military artillery college. So, the worsted cloth combine concluded an agreement with that college. They help each other, maintain contacts, and so on. They hold various family get-togethers and so on and so forth. Most of the workers at the worsted cloth combine are women. Only the fitters are men. The rest are all women. All the students at the college are men. Now workers are no longer leaving the worsted cloth combine at all. [crowd laughs] They have all settled down. This positive experience should be emulated everywhere. [crowd laughs]

I was talking about wages. For months on end people do not get their pay, while some managers hoard the money they have been allocated for wages, keep it in banks in order to derive profit from it. That is what is happening. I signed an edict ordering that the first 20 percent of all receipts must be spent on wages without fail. On the lst, 2d, 3d, 4th, and 5th of each month the money which comes in must be spent on wages, first and foremost. The remaining 80 percent can be spent on other items of expenditure. But this is not happening. The first money to come in is being deposited in banks. It lies there for months, accruing interest. Before you know what has happened, there are nice pickings — income, to put it politely.

So, as far as wages were concerned, I quite simply understood that I could not travel to my native region and not answer this question.

It is not possible. I prepared, therefore, for three months for this. Where to find a way out? I found it. The most important thing is that I found the money, physical money. I therefore tell you that from the month of March there will not be the problem with wages! [crowd applauds] Pay attention. I said from March and not from July. It would have been easier for me to say from July. I say from March! Then you can, when March comes, you can react to it correspondingly. I tell Eduard Arkadiyevich, the leadership of the town, and the state assembly, bear in mind that a large section of the population receive wages from the local budget. Education, public health, and public services come from the local budget. If they are not receiving wages then you are guilty? You are responsible! You find the way out. I am not going to answer for each one of you! [crowd applauds].

Concerning the military, although they are in the budget, but also in the federal budget, I am responsible for this. When speaking of the military I mean the Ministry for Internal Affairs, servicemen, security service, border guards, and all the military. From the month of March, bear this in mind — wages, pensions, all kinds of benefits, veterans, all that which is linked with the law on veterans. [sentence as heard] Unfortunately, the law is not being implemented satisfactorily. Today at the meeting with veterans they told me about this. They spoke with sorrow about this when we met at the Zhukov monument.

In other words, I am not merely promising. This question has been very carefully calculated. The sources have been very clearly defined. The dates by which this can be done have been very clearly worked out.

Today the state's total debt for wage arrears is 13.4 trillion rubles. Not only will this debt be settled — in subsequent months wages will be paid on time, even those to be paid at the Academy of Science. [laughter and applause] Those people are thought to be rich. But in actual fact they are not. They don't get very much. They are not heads of banks. However, heads of banks are very keen for the reforms to continue, very keen. They are frightened of drastic changes, very frightened — because they could lose absolutely everything.

An active industrial policy is a demand of the time. It is called upon to mold the modern structure of the Russian economy, to strengthen Russia's positions as an industrially developed country. The most serious attention will be given to the agro-industrial sector. Experience tells us that one must act circumspectly in this sphere. But it is obvious that a real upsurge in the agrarian sector is possible if private ownership of land starts to become firmly established, and citizens' rights to mortgage and lease it are secured.

The plans to start the second wave of reforms are already under way. We will have to change part of what appeared in 1992-1995, in agriculture, I mean. Something has quickly become outdated, and there have been mistakes somewhere. We will have to change the inefficient machinery for protecting the citizens' social and economic rights, the system of taxation, the poor management of state property, and the distribution of budget outflows. A detailed review of the economy's prospects for development will be given in the president's annual address to the Federal Assembly. But don't get me wrong: I am not telling you today my election program - no, no, no. Probably I will have to come here in the next four months and tell you about the program, what it looks like. I came here today first to tell you about the situation in general, to talk with you, to find out how

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Sverdlovsk people are getting on and what they think about my decision, and then to announce my decision here to Russia and the whole world.

I am fully aware that it won't be easy at all to accomplish everything that we have planned. But the biggest worry is that there still are no firm guarantees about the irreversibility of the changes which are underway. There is no guarantee that new presidential elections will be held in five years' time.

Russia is at the crossroads again. The extreme right stands for the continuation of the reforms at all costs and the extreme left is for the destruction of everything which has been done under the banner of social revenge.

We cannot afford to repeat the tragic mistake of 1917 and to yet again allow the country to be split between the Whites and the Reds. We stand for unity.

Therefore the president has no party affiliations so that all the Russians are equal as voters in his eyes. On 16 June we will have to elect not only a president, but also Russia's future life, and we will have to determine Russia's fate. What awaits Russia and all of us personally will be decided in June.

I am now carefully studying the abilities of the candidates for the presidency. With five hardest years of reforms behind me, I know only too well the weight of the president's burden. It's a shame that the new generation of democratic leaders — among whom there are bright, intelligent, and integral people — so far has no sufficient political experience. I am not sure that they will be able to withstand attacks by our not so distant past. It is also very dangerous that the opposition leaders are still prisoners of dogmas, rejected by life itself. They still believe that one can turn history back. We will be a people without memory if we elect a candidate who will redistribute power and, what's more, property once again, and will destroy the foundations of Russia's young statehood.

We have experienced so much, we have understood so much, we are now standing on the threshold of the civilized life of the world. And to roll back again? That will be our common defeat and disgrace.

Can I in this situation shun participation in the presidential election? I have asked myself this question more than once. But while the threat is still looming of the clash between the Reds and the Whites, it is my duty as a man, a citizen, and a politician who stood at the origin of the reforms to achieve the consolidation of all healthy forces in society and to prevent possible shocks, including that of a civil war.

In spite of numerous appeals to me to retire with dignity, my shunning participation in the elections would be an irresponsible and irreparable step, and a mistake. I must bring to a successful end the cause to which I have completely committed myself. I am sure I will be able to guide the country through the disturbances, the worries, and the insecurity.

That is why I have decided to run for the post of Russian president, and here in this hall which is dear to me, in my home town, I am announcing this to you, my fellow countrymen, to all Russian citizens, and the whole world. [applause]

I am prepared to give account of everything done in the past five years, and I intend to present my program to the voters in the near future. I stand for reforms, but not at all cost. I stand for adjusting the course, but not for turning back. I wish to see practical purposes as the foundations of Russia's policy, but not visions or dogmas. I want very much all the Russians to start living in freedom and dignity, as all normal people in normal countries live.

And another thing. I am often reminded of the promise I gave once: to lie down across the railway track. I want to remind you: I kept the promise when I insisted on holding the referendum in April 1993 and entrusted myself to the voters. But this coming election is not just about me. Russia itself will be lying across the railway track. And me must do everything possible so that we Russians and our country do not perish under the red wheel of the past. [applause]

We are stronger than those who have been putting a spoke in our wheels all these years, impeding our progress towards a great and free Russia, towards a decent life for all Russian citizens. We are stronger than our own disappointments and doubts. We are tired, but we are together and we shall be victorious. Thank you. [applause]

Russia: Yekaterinburg Speech Question, Answer Session Reported

LD1502233096 Moscow Russian Television Network in Russian 1836 GMT 15 Feb 96

[FBIS Translated Text] [Announcer] Boris Yeltsin was ceremoniously presented with a folder containing questions from the inhabitants of Yekaterinburg.

[Begin recording] [Yeltsin] I am afraid I will not be able to answer so many questions. The questions are mainly about non-payments, delays in salary payments, pensions, and Chechnya. Therefore I promise to give the answers after I study all these questions in Moscow.

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[Video shows Yeltsin reading from a sheet of paper] When will the war in Chechnya end and when will our troops be withdrawn?

You know that I have formed two commissions. First of all, I put out an appeal: give me proposals on how to end the war in Chechnya. Because [Nizhniy Novgorod Governor Boris] Nemtsov's proposal when he brought to my office a million signatures in favor of ending the war in Chechnya was not a proposal on how to end it. I am against the war too. But how to end it? This is what is most important.

Therefore I put out an appeal: give me proposals how to end it. Seven proposals were received from various organizations, groups of people, and individuals. In brief, there were seven proposals. I decided that, in order to have, if not competition, at least some discussion regarding the ways and methods of ending the war in Chechnya, two commissions should be set up.

One — chaired by [Prime Minister Viktor] Chernomyrdin — it was set up by my instruction. And the other commission includes the members of the Presidential Council. And within a rather short period of time — two weeks — these commissions are to prepare a clear vision, a clear schedule, saying what to do in order to end this war, taking into account the existing situation and taking into account the fact that in 1993 [Dzhokhar] Dudayev wrote a book which nobody read but which we found and read.

In it he clearly stated that he would first conquer Chechnya, then he would conquer Dagestan, after that he would conquer all the Russian republics, then Abkhazia, Georgia, and Azerbaijan and create a powerful Islamic South-Caucasian state. These are his thoughts. It is not just forming a gang or two in order to make some noise, a bit of shooting. No, it is very serious. It is very important. And of course we should end this war and we will end it within months rather than years. Probably even before the elections.

[Yeltsin reads:] When will deposits in state banks will indexed? Who will benefit and when will payments start?

We are drafting the arrangements for this now. There are 25 million depositors. Therefore, it of course is impossible to expect the state budget to pay out on behalf of all these bankrupt banks and to compensate depositors who in good faith invested their honestly earned money with them. Clearly the state cannot do all this at one go. But there are proposals. They are as follows.

Bonds should be issued to elderly people above the age of 80. These bonds would not only pay interest on the sum which these people have deposited with bankrupt banks — within two years, the bonds would repay, on behalf of the state, all the principal as well. In the case of people aged between 70 and 80, it would take three years. People within the 60-70 age range would get their money back in five years. I am giving you a rough indication because this system is still being drafted. But we have to make sure that the oldest people get their compensation more quickly. We realize that, whatever happens, the state cannot escape its responsibility for paying this compensation because it is not these people's fault that they trusted some bank or other, deposited their money with it, and then it went bankrupt.

This decree will be signed, I think, within a week to 10 days.

[Yeltsin reads:] When will deposits with savings bank branches be indexed?

We believe this will start sometime around mid-March.

[Yeltsin reads:] Warm greetings from students of the construction faculty at the Urals Polytechnic Institute. Best wishes from Sergey Igorevich Porteus.

Thank you, Sergey. I also pass on my warm greetings to the Urals Polytechnic, to its alumni. [applause] When we graduated from the construction faculty at the Urals Polytechnic in 1955, we gathered together and agreed that we would meet up again every five years and spend our holidays together. So, 40 years have passed. Not once has that meeting, that holiday been missed. In 1995 we also staged a reunion. I see several participants in this operation of ours sitting here in the hall.

Doctors at the hospital for war invalids have not been paid for two months. That must rectified immediately. That comes out of your budget, esteemed Eduard Ergatovich [Rossel, head of the Sverdlovsk Region Administration]. [passage indistinct, containing remark from unidentified speaker]

[Yeltsin] My answer is that we will put it right! If there isn't enough money, we will add some more.

[Yeltsin continues, reading] Mr. President — I have not been addressed as Mister up to now, but it's all right, it doesn't matter — during your last visit to the Urals you visited Nizhniy Tagil and were rather unhappy with the very unhealthy environmental situation in the town. A special government decision was adopted on this last August, a decision on improving the environmental situation. Special provision was made for this in the budget. Funding of 9.5 billion rubles has been earmarked. But he [the questioner] says this isn't

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enough. Can't you increase the amount of aid to the ecology, to the population of Nizhniy Tagil?

Can't the Region itself cope with this? [laughter]

[Unidentified speaker, presumably Rossel] But there is a government program.

[Yeltsin] There is a government program. There is a decision. Everything is set out there. That money, the 9.5 billion, has also been earmarked in accordance with that program. So, there's absolutely no deception here. Everything is aboveboard. I gave a promise. Then the decision was published. That deals with everything, that provides for everything. All the same, 9.5 billion is not very much. It is very difficult to say whether this is too little or too much. I would suggest that you should try to spend this 9.5 billion as soon as possible. If you manage to spend the 9.5 billion within six months, I shall add another 4 billion rubles for the second half of the year.

Your former colleague, the former president of the USSR, went down badly in people's estimation because he often abandoned his allies, jettisoned them for the sake of getting by. You also have an ebb and flow in this respect. Is this objective a necessity, an inevitable feature of any president, or were the horses really bad?

I would say that so far we have not faced any situation, any great crisis, which forced us to replace many people in the government, and so on.

But nevertheless, there is natural selection in every living body, at every works and every factory. Why do you think this cannot happen in the presidential administration or in the government? Some work better, some work worse, some acquit themselves well, and some don't. But that does not apply to Chubays. Chubays is a talented man. But he has made a few mistakes in privatization and establishment of joint-stock companies, and especially in selling. He made mistakes. But he is staying on the president's team. He will campaign for the president. He is the head of a team of businesspeople, with whom I will meet soon. So, he is not bitter. But if you make mistakes, you must be prepared to answer for them. Why, he may well come back next year.

[Yeltsin reads:] On behalf of the children of the Urals' charity, I am not asking for money, but for 10-15 minutes of your attention.

Right. Pass this to the first aide, Viktor Vasilyevich Ilyushin. He will make an appointment for you. He will fit you in somewhere in my schedule. I approve my schedule a month ahead. Every minute and every hour in my daily schedule is filled with engagements, but one can find a spare place and have a 10- or 15-minute meeting.

You see, hundreds of people want to see me every day. I receive 2,500 letters every day. Can one man handle this? Therefore I have a special team that analyzes the letters and presents a special report to me: what issues, on what issues there are more questions, on what issues there are fewer questions, on what issues are the number of questions rising and on what falling, on what issues are they growing sharply — that means the question must be solved quickly. [end recording]

[Announcer] The president was asked the following question at the meeting with Yekaterinburg public: If you lose the election, which candidate has the best chances to become president? Yeltsin gave no direct answer to the question. The meeting in the Palace of Youth lasted for two hours. The Russian president left for Chelyabinsk in the evening.

Economic Issues

Russia: Yeltsin Aide Livshits Interviewed on Kulikov Ideas

LD1502170096 Moscow NTV in Russian 1635 GMT 14 Feb 96

[Studio interview of Aleksandr Yakovlevich Livshits, economic affairs aide to President Boris Yeltsin, by moderator Pavel Lobkov; from the "Hero of the Day" program—live]

[FBIS Summary] Aleksandr Livshits, interviewed for 25 minutes on NTV's "Hero of the Day" program, is asked first for his reaction to Interior Minister Anatoliy Kulikov's letter to Prime Minister Viktor Chernomyrdin suggesting nationalizing a number of commercial companies and using foreign currency reserves to pay wage arrears. Livshits replies that about 20 percent of Kulikov's proposals are acceptable; the rest are either unacceptable or impractical. Livshits adds that he does not think the gesture was an attempt to blackmail President Yeltsin into finding money for the power ministries. There is indeed a great need to tighten up the Tax Inspectorate's work. Kulikov suggested partially nationalizing major commercial organizations, such as Gasprom, ZiL, AvtoVAZ, LUKoil, Yukos, and Bank-Imperial; issuing securities backed by CIS debts to Russia; expanding the currency corridor and thus freeing part of the gold reserve; toughening excise policy on oil exports; refusing to finance Chechnya's rehabilitation out of the budget until hostilities end; eliminating free economic zones; introducing tax declarations for citizens; and checking on the legality of property ownership.

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Livshits notes that Kulikov should take inflation more seriously. He comments that he sees nothing wrong in the interior minister or the president's security chief, Aleksandr Korzhakov, making such initiatives — they have the same right as anyone else to do so. Livshits discusses and comments further on the proposals. Kulikov has announced establishment of a think tank to debate the proposals, Lobkov notes; Livshits says he would join, if asked.

Yegor Gaydar, leader of Russia's Democratic Choice, shown in a separate interview, says that announcing nationalization of commercial banks would lead to depositors instantly withdrawing their money. Andrey Nechayev, in another separate interview, is shown saying that the proposals have no official status. Livshits echoes Nechayev's statement that the proposals were not official, and says it would be best to move on to discussing some other sensations.

Russia: Medvedev: Commercial Banks May Be Blamed for Wage Delays

MK1602073796 Moscow SEGODNYA in Russian 15 Feb 96 p 2

[Report by Dmitriy Volkov: "Reports on Manipulation of Budgetary Funds Have Been Submitted to the President. The Savings Bank of Russia, Together With the Central Bank, Finance Ministry, and Vladimir Kadannikov, Will Select Authorized Banks"]

[FBIS Translated Text] Sergey Medvedev, press secretary to the president, said yesterday that "there are several reports on the desk" of Boris Yeltsin concerning the use of budgetary funds earmarked for wage payments. Mr. Medvedev said that the "preliminary conclusions" that can be drawn from these materials, prepared with the participation of Aleksandr Livshits, an aide to the president on economic matters, suggest that "there are drawbacks in the mechanism of the passage of budgetary funds." In addition to violations committed by local authorities, Mr. Medvedev noted "abuses on the part of enterprise leaders" pursuing their own aims, which are mentioned in the documents. The president commissioned Prime Minister Viktor Chernomyrdin, Central Bank President Sergey Dubinin, General Prosecutor Yuriy Skuratov, and Nikolay Yegorov, chief of the [president's] administration, to take appropriate measures.

The Central Bank responded immediately by saying in a press release that as early as 31 January, the governmental commission on financial and monetary policy matters decided to appoint Sberbank [Savings Bank] of Russia its general authorized agent for work with federal budget accounts.

The Central Bank explained that budgetary funds can be kept in commercial banks "only if there are no Central Bank agencies, and in coordination with regional authorities." The Central Bank noted, however, that "this rule has not been always observed," and budgetary accounts "without any grounds have been transferred to insufficiently reliable" banks, which are delaying the passage of budgetary funds and sometimes "stop their activities," still in possession of public funds.

According to the Central Bank, from now on "it is not allowed for commercial banks to open and keep budgetary accounts, unless the [Central] Bank of Russia and Sberbank officially announce that they are unable to service these accounts in a certain region."

The transfer of accounts from commercial banks, however, "is to be effected within several months;" at the same time, the Finance Ministry and the Central Bank "will be using an objective and well-balanced approach to the solution of all problems which may emerge in this respect, so as to prevent a rapid aggravation of the financial position of banks." The selection of banks aspiring to retain the status of authorized ones will be performed by the governmental commission on monetary policy headed by Vladimir Kadannikov, after endorsement by relevant agencies, including Sberbank. Thus, in order to retain budgetary accounts, authorized banks will have to prove their proficiency at a higher and, hopefully, more impartial level, finding a common language with Mr. Kazmin from Sberbank, with Central Bank Chairman Sergey Dubinin, and with Mr. Kadannikov, who has not replaced Anatoliy Chubays' team yet.

Russia: Liquidation Procedures Initiated at Several Moscow Banks

MM1602095496 Moscow KOMSOMOLSKAYA PRAVDA ("Golden Mean" Supplement) in Russian 16-23 Feb 96 Weekend Edition p 5

[Report by Yelena Loriya: "Banks To Fail in Moscow. Probably By Spring"]

[FBIS Translated Text] There is some nasty news on the way for some depositors with Moscow banks. We were told by the Central Bank's Main Administration for Moscow that eight liquidation committees have been set up at Moscow banks. This sad fate has befallen "O.S.T.-Bank," "Kalita" Bank, "BONUS-Bank," "Nominal," the "Lach" Joint-Stock Bank, and "AIR-Bank."

Liquidation commissions have had to be compulsorily set up at another two Moscow banks. By decision of the Court of Arbitration, "Deviz-Bank" and "Romanton" Bank could soon cease to exist.

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Admittedly, it should be recalled that all claims against these banks should be directed solely to the liquidation commission — under current legislation the Central Bank has no right to dispose of the assets of commercial banks.

Depositors who have been deceived for the umpteenth time can demand not only repayment of their deposits, but also payments to those citizens to whom the bank is responsible for having harmed their health or lives. Incidentally, not only the owners but creditors too can dispose of the property of a bank that has gone "belly up."

Russia: Central Bank Head Seeks Continued Anti-Inflation Drive

LD1502214296 Moscow INTERFAX in English 1740 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — Russian Central Bank Chairman Sergey Dubinin is convinced in the correctness of the current anti-inflation policy and will try to persuade the Cabinet and president to share his view. He was commenting on the suggestion by Interior Minister Anatoly Kulikov to increase budget spending at a Thursday meeting with the press.

In Dubinin's opinion the lawful performance of the budget is now the greatest task. "If there is something to this end in the proposals of General Kulikov, whom I respect, it must be used," he said.

In the context of the general's proposals he said a fast decision is necessary on whether to pursue a strict anti-inflation policy or not. Dubinin remarked that acting legislation prohibits direct crediting of the budget by the Central Bank but admitted that "laws are written by people and if they wish, they can change the law."

"We must not agree to these steps because they will destroy the antihero anti-inflation policy," the chief banker said. "We would be doomed to a lengthy period of high inflation which I do not wish on anyone," he said.

"We must consistently advance along the chosen road, because if we sign an agreement with the IMF, we must stand by certain international commitments. All discussions about the acceptability of high or low inflation must be completed before that," Dubinin said.

Russia: Government To Exchange State Shares for Debts to Provinces

MK1502150396 Moscow SEGODNYA in Russian 15 Feb 96 p 2

[Report by Elmar Murtazayev: "The Government Will Be Exchanging State Property for Debts to Provincial Regions. Deputies From the Communist Party of the Russian Federation Would Like To Get Acquainted With the Decree in More Detail"]

[FBIS Translated Text] Vitaliy Sevastyanov, chairman of the State Duma Credentials Committee, demanded yesterday that the legitimacy of the government's decision on the transfer of shares of federally-owned enterprises to Russian Federation components be examined urgently. Having announced that "this is a matter of exceptional importance and it cannot be put off," the deputy from the CPRF [Communist Party of the Russian Federation] said that the transfer of shares is envisioned by the decree of 8 February, "implying that a corresponding presidential edict is currently under preparation."

As SEGODNYA has learned from the government, the decree of 8 February No. 126 "On the Submission to the President for Consideration of a Draft Edict 'On the Transfer to Russian Federation Components of Shares of the Federally-Owned Joint-Stock Companies Formed in the Process of Privatization'" has indeed been adopted by the government. In accordance with this instrument, it is proposed that federally-owned blocks of shares be transferred to Russian Federation components in settlement of debts of the federal budget to them.

Despite the fact that earlier this year the government declared that it had no arrears of transfers to the provinces, a memorandum of the Accounting Chamber, distributed at a meeting of the Duma Budget Committee in late January, showed quite the opposite.

According to a government expert, the above decree does not imply any "mass transfer" of enterprises' shares. In every specific case decisions will be made by territorial offices of the State Property Committee "in coordination with regional and federal authorities," whereas the size of the blocks will be determined "by way of negotiations."

Meanwhile, the governmental decree, which has passed virtually unnoticed, can substantially change the mechanism of privatization. Leaving aside the purely technical problem of the valuation of the shares to be transferred, it should be noted that political consequences of this move are becoming hard to predict, taking into consideration the fighting spirit of the CPRF and go-getting

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capabilities of provincial regions, which will particularly grow in the preelection period.

Russia: State Shareholdings in Defense Firms Extended

MM1502145696 Moscow ROSSIYSKAYA GAZETA in Russian 14 Feb 96 p 6

[Decree No. 32 of the Russian Federation Government "On Extending the Period of Federal Ownership of Blocks of Shares and the 'Golden Share' of Joint-Stock Companies Created in the Process of Privatizing Enterprises and Organizations of the Defense Sectors of Industry," dated Moscow, 16 January 1996 and signed by Russian Federation Government Chairman V. Chernomyrdin]

[FBIS Translated Text] With a view to creating conditions for the implementation of the main provisions of the Russian Federation's military doctrine in respect of the timely provision of effective weapons systems and specialized military hardware to the Russian Federation Armed Forces in the quantities necessary to guarantee the state's national security, the Russian Federation Government decrees that:

The period of federal ownership of blocks of shares and the "Golden Share" of joint-stock companies which expires in 1995-1996 be extended by three years in accordance with the appendix (published in the "Business in Russia" departmental supplement of ROSSIYSKAYA GAZETA).

[Signed] Russian Federation Government Chairman V. Chernomyrdin

Russia: Government Drafting Amendments to Production Act

LD1502225296 Moscow INTERFAX in English 2120 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — The Russian government is drafting numerous amendments to the Production Sharing Act, Prime Minister Viktor Chernomyrdin said at a news conference Thursday.

Chernomyrdin explained that the act, passed by the Federal Assembly and signed into law by the president at the end of 1995, had solved a big problem but the Federation Council had largely amended the government bill. For this reason, the act has come under criticism from foreign partners and "does not suit us in many respects," he said.

The government, Chernomyrdin said, will propose 37 amendments to the act.

The act provides certain guarantees to foreign investors, especially those involved in joint ventures in oil production.

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International Affairs

Ukraine: Kuchma Meets With French Defense Minister

LD1502140896 Moscow INTERFAX in English 1235 GMT 15 Feb 96

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] Kiev, February 15 (INTERFAX-UKRAINE) — On Thursday morning Ukrainian President Leonid Kuchma met with French Defence Minister Charles Millon, who is currently on an official visit in Kiev.

As Andriy Chirva, Deputy Head of the Presidential press service, told newsmen, Ukraine's attitude to the system of collective security of the CIS member countries, cooperation between Ukraine and Russia, expansion of NATO were discussed in the course of the meeting on the initiative of the French side.

During the meeting the President was informed that agreements on cooperation between the Ukrainian and French Defence Ministries are to be signed in Kiev on Thursday.

Ukraine is interested in studying the French system of training servicemen, L.Kuchma said.

Besides, Ukraine is interested in studying French experience in the field of building the Armed Forces and outlining the system of civil control over the Armed Forces. "We'd like to cooperate with France in all fields - culture, economy, policy", the Ukrainian President said.

Ukraine: French Defense Minister, Udovenko Begin Talks

LD1502132596 Kiev UNIAN in Ukrainian 1150 GMT 15 Feb 96

[FBIS Translated Text] Kiev — The French delegation is interested in Ukraine's point of view regarding the course of events in Russia, NATO expansion, and cooperation within the Partnership for Peace program, French Defense Minister Charles Millon said at the beginning of talks with Ukrainian Foreign Minister Hennadiy Udovenko.

According to him, the signing of agreements on arms and military cooperation is planned at the Ukrainian Defense Ministry today.

Ukrainian Foreign Minister Hennadiy Udovenko stressed that Ukraine attaches very great importance to the development of Ukrainian-French relations, which, according to him, have become considerably more active recently. He also said he considers ratification of the treaty on friendship and cooperation between the two countries by the French National Assembly on 14 February a demonstration of France's wish to develop all-round relations with Ukraine.

Ukraine: French Defense Minister Views NATO Expansion, Security

LD1502151396 Kiev UNIAN in Ukrainian 1410 GMT 15 Feb 96

[FBIS Translated Text] Kiev — "France is not against NATO expansion," French Defense Minister Charles Millon said in a comment on Paris's stance on expansion of the North Atlantic alliance. At the same time he emphasized that "for the sake of ensuring peace and security on the European continent, France favors concluding agreements on security with large countries such as Russia and Ukraine so that not a single country is excluded from the process of building peace in Europe."

Ukraine: Military Ties Discussed With French Defense Minister

WS1602102396 Kiev INTELNEWS in English 0242 GMT 16 Feb 96

[By Viktoria Kulakova, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, Feb. 15 — French Defense Minister Charles Millon visited Ukraine to meet with the heads of the Defense and Foreign ministries and discuss European security issues, particularly the coordination of French and Ukrainian forces within the framework of peacekeeping operations in the former Yugoslavia.

The talks focused on the interaction of servicemen from the countries' two peacekeeping forces, specifically those of Ukraine's 240th special detached battalion now based in Sarajevo under French command.

Foreign Minister Hennadiy Udovenko told the French official that the visit was "a very important step toward the development of Ukrainian-French relations" and hailed Wednesday's [14 February] ratification by the French Assembly of a treaty on friendship and cooperation with Ukraine.

Millon praised Ukraine for its independent foreign policy. "We know, that Ukraine's independence is very important to you," he said. "You do not tie yourself either with the Tashkent Treaty or other agreements."

Defense Minister Valeriy Shmarov said that military cooperation agreements signed on Thursday between the Ukrainian and French Defense ministries would help Ukraine in the reform of its armed forces.

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"The agreements signed today are not the last point," he said. "It's just the beginning of cooperation between the Ukrainian and French military."

Ukraine: Defense Ministry Denies Arms Sales To Afghanistan

LD1502204896 Moscow INTERFAX in English 1920 GMT 15 Feb 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] KIEV, Feb 15 (INTERFAX-UKRAINE) — Ukrainian Defense Ministry spokesman Oleksandr Kluban refuted the statement made by General Dostam who controls northern Afghanistan, to the effect that Ukraine sold armaments to the Middle Asian country.

Dustum's statement, carried late last week by Agence France Presse, maintains, in particular, that Ukraine sold 30 fighters to Kabul.

"Firstly, Ukraine does not manufacture fighters. Secondly, the Defense Ministry does not supply aircraft to other countries, including Afghanistan," Kluban told Interfax-Ukraine Wednesday.

Ukraine: Russia Thanks Kiev for Supporting Council of Europe Bid

LD1502235296 Kiev Radio Ukraine World Service in Ukrainian 2300 GMT 15 Feb 96

[FBIS Translated Text] The Russian Government has sent a memorandum to the Ukrainian Government, in which it expressed sincere gratitude to Ukraine for the support it gave to Russia during its accession to the Council of Europe. The Russian side regards this decision as a constructive move aimed at uniting Europe and preventing new instances demarcation, the memorandum from the Russian Government says. The document says that Russia is always ready to maintain intensive cooperation and interaction with Ukraine regarding all issues pertaining to the activities of the Council of Europe.

This was reported by the press center of the Foreign Ministry of Ukraine on 15 February.

Ukraine: Commission Responds to Russian Black Sea Fleet Decision

LD1502174396 Kiev UNIAN in Ukrainian 0900 GMT 15 Feb 96

[FBIS Translated Text] Kiev, [no date as received] — The federal law adopted on 14 February by the Russian State Duma to unilaterally halt reduction of the Black Sea Fleet and on provision for its maintenance runs counter to the accords achieved by the Russian and Ukrainian defense ministers, Pavel Grachev and Valeriy Shmarov, in Sochi in November of last year, the chairman of the Ukrainian Supreme Council [parliament] Commission for Defense and State Security, Volodymyr Mukhin, said in an interview for the UNIAN news agency.

He did not rule out that, in response to the State Duma's decision, the commission could in the near future initiate parliament's approval of the law of Ukraine on the status of foreign troops on Ukrainian territory, which, according to Volodymyr Mukhin, has already been adopted at first reading. The commission chairman said that this draft law was discussed at a closed sitting of the commission on 14 February, attended by Hennadiy Udovenko, Ukrainian Foreign Affairs Minister and Ivan Bizhan Ukrainian Deputy Defense Minister.

In Volodymyr Mukhin's opinion, the Russian side "will hinder approval of the draft law on the status of foreign troops on Ukrainian territory in every possible way".

National Affairs

Ukraine: Kuchma Urges Reform in Science Sector

WS1602090896 Kiev UKRINFORM in English 0757 GMT 16 Feb 96

[From the "Current Events" feature]

[FBIS Transcribed Text] According to reports by UKRINFORM's science correspondent, Ukraine's President Kuchma has called for "reasonable caution" during reformation of the Ukrainian scientific sector.

Speaking at the All-Ukrainian Conference on the Problems Hindering the Development of Science and Technology in Ukraine, Mr. Kuchma said that the Ukrainian scientific sector is in urgent need of reforms.

Analyzing the "Basic Directions of Reforming the Science Sector" and the result of the activities of the Government Commission for Reorganization of the Science Sector, Mr. Kuchma called on participants in the conference to complete all organizational activities, including the drafting of relevant decrees and documents, in the February-March period. He said that reformation of the sector must not be delayed, since crisis in the sector if combined with the current economic crisis will further destabilize the situation in the country.

Mr. Kuchma warned that Ukraine is in danger of losing its scientific and technological potentials if reforms are further delayed.

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Ukraine: Marchuk Demands 'Aid, Not Credits' for Chernobyl Closure

AU1502105896 Kiev URYADOVYY KURYER in Ukrainian 13 Feb 96 p 7

[Report by Volodymyr Ilchenko: "The Government's Position Remains Unchanged. Prime Minister Yevhen Marchuk on the Problem of Closing Down the Chernobyl AES"]

[FBIS Translated Text] The government's position remains unchanged. However, many people in the West, said the prime minister on the basis of his impressions from the trip to Davos [in Switzerland], are not aware of the entire complexity of the Chernobyl problem for Ukraine. Some people associate it with the Chernobyl Atomic Electric Power Plant [AES] alone. Few of them pay attention to the fact that, over 10 years, Ukraine has been entering into the budget the 12-percent tax for overcoming the Chernobyl disaster. There is no other country in Europe that would impose such taxes for solving a problem that only involves expenditure.

Moreover, few people realize that after the Chernobyl AES is decommissioned, the Chernobyl problem will not be over for Ukraine. Today, not a single specialist can predict how many more years Ukraine will have to levy taxes for overcoming the aftermath of the accident.

Ukraine is unable, on its own, to put the Chernobyl AES out of operation, said Ye. Marchuk at a news conference on 8 February. We are being censured for demanding too much for closing down the plant, resolving a pile of social issues, building replacement capacities, and burying spent fuel, even though our needs are based exclusively upon assessment.

Thus, a political decision has been adopted: Ukraine is ready to decommission the Chernobyl AES by the year 2000. However, it will not be able to do so on its own. If the resolution of this issue is delayed, physical mechanisms will come into play. The plant must either be shut down or prepared for repairs. Our actions will depend on our being granted financial aid (specifically aid and not credits).

Ukraine: Marchuk: Talks With Miners Only After Strike Ends

LD1502174896 Kiev Radio Ukraine World Service in Ukrainian 1000 GMT 15 Feb 96

[FBIS Translated Text] Talks between the government and the miners can only begin when the strike has ended, Ukrainian Prime Minister Yevhen Marchuk believes. In an interview for independent television companies in Kiev on 14 February, he also said that there had been contacts between the government and the strike committee and that they are continuing. The door to contacts is not closed, Marchuk said. An INTERFAX-Ukraine correspondent quotes the prime minister as saying that decisions of an economic nature will not be adopted on the streets or under pressure.

Ukraine: Parties Appeal to Kuchma on Constitutional Process

AU1502162396 Kiev URYADOVYY KURYER in Ukrainian 13 Feb 96 p 2

[Unattributed report: "An Appeal by Political Parties"]

[FBIS Translated Text] The political leadership of Ukraine's Liberal Party, the Party of Ukraine's Democratic Rebirth, Ukraine's Labor Congress, the Ukrainian Justice Party, and the Party "Interregional Block of Reforms" appealed to the Ukrainian president with a proposal to hold a meeting and discuss problems of the constitutional process in Ukraine.

We are deeply concerned about the situation that has taken shape in Ukraine in connection with the drafting and adoption of a new constitution, reads the appeal. The constitutional process in Ukraine is gradually acquiring forms of political and social confrontation whose consequences may be very grave for our society.

We are sure that the process of adoption of Ukraine's new constitution must develop exclusively as intellectual and not political rivalry both on the part of all branches of power and political forces of various orientations.

We regard the drafting and adoption of Ukraine's new constitution as a precondition for the building of a highly-developed civil society — a guarantor of economic, sociopolitical, and spiritual rebirth of the country on the road toward a highly advanced Ukrainian state.

Ukraine: Foreign Ministry Denies Assisting Separatists

LD1502220596 Moscow INTERFAX in English 2130 GMT 15 Feb 96

[FBIS Transcribed Text] KIEV, Feb 15 (INTERFAX-UKRAINE) — Kiev has rejected accusations of assisting separatist fighters in general and Chechen in particular, Ukrainian Foreign Ministry spokesman Yuriy Sergeyev told Interfax - Ukraine, following reports in the Russian media and by Duma member Nikolay Lysenko that Chechen militants are staying at health resorts in Crimea.

Sergeyev said Crimean health resorts host many Russian citizens, including some forced to flee from "zones of

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danger." "They are staying on lawful grounds not only at Ukrainian resorts," the diplomat said.

In his opinion, the claims are nothing but an attempt "by certain politicians and circles to organize a witch-hunt and attack democracy".

While making his charges, Lysenko "could at least produce some evidence," Sergeyev said.

Earlier the leaders of the Ukrainian radical nationalist organization UNA-UNSO claimed they had organized for Chechen militants to stay in Crimea.

Ukraine: Officers Sign Demand for Military Reform

LD1502161196 Kiev UNIAN in Ukrainian 1410 GMT 15 Feb 96

[FBIS Translated Text] Kiev — It is necessary to draw up and implement as soon as possible a radical state program for reforming and developing the Ukrainian Armed Forces, the final aim of which is the creation of a new, small, mobile, well-equipped, and well-trained modern army taking into account the principle of defense sufficiency and the state's economic possibilities, and maximizing the use of the existing infrastructure, stockpiles of weapons, hardware, and property, states an open letter signed by more than 700 generals and officers in the Ministry of Defense's central apparatus.

They believe that the military and political situation in the world is conducive to introducing radical reforms in the Ukrainian Armed Forces.

The authors of the open letter stress that the nature of military training in the Ukrainian Armed Forces does not correspond to the present military and political situation. The experience from local wars is not taken into account and there are too many layers of ineffective management. The letter notes that very few major structural changes had taken place in the last three years.

The letter also notes that the draft program for reforming the army had already been given positive assessments by experts, the government, and the state's highest leadership. After it is finalized the document will be submitted for adoption as a state program.

Ukraine: Daily Reports Resignation of Five Top Generals

WS1602102196 Kiev INTELNEWS in English 0242 GMT 16 Feb 96

[Report by Ed Zwirn]

[FBIS Transcribed Text] Kiev, Feb. 15 — The upper ranks of Ukraine's armed forces were rocked Thursday by a report of the resignation of five generals working in the military's central staff headquarters.

The report, appearing in Thursday's KIYEVSKIYE VEDOMOSTI newspaper, came days after President Leonid Kuchma fired Col.-Gen. Anatoliy Lopata as the military's chief of staff after mounting public disagreement between him and Defense Minister Valeriy Shmarov over military downsizing and reorganization.

On the other side of the dispute, more than 700 generals and officers signed a Thursday statement backing Shmarov's plans — which they helped draft — for "taking into consideration the economic possibilities of the state and maximal utilization of existing infrastructure, ammunition, military hardware and property."

The statement, as reported by the Hot Line news agency, calls for the "creation of a new, modern army, well-trained and equipped with up-to-date military hardware and arms."

The resigning generals are, according to the newspaper report, are Lt. Gen. Hennadiy Hurin, first deputy chief of general headquarters; Lt. Gen. Heorhiy Pankratov, deputy general headquarters chief; Lt. Gen. Anatoliy Kornishko, head of the senior operative department; Maj. Gen. Anatoliy Yaroviy of the central command post; and Maj. Gen. Petro Korotchenko, a senior aide at general headquarters.

Maj. Gen. Iosif Oseychuk, Defense Ministry Personnel Manager, was able to confirm only Kornishko's resignation.

In addition, according to KIYEVSKIYE VEDOMOSTI, guard duty and regime department chief Maj. Gen. Valeriy Vasiliev has been transferred from general headquarters to Moscow, where he will occupy the post of military attache.

Economic Issues

Ukraine: Marchuk Addresses Legislature on Agriculture

WS1602090996 Kiev UKRINFORM in English 0757 GMT 16 Feb 96

[From the "Current Events" feature]

[FBIS Transcribed Text] According to reports from UKRINFORM's parliamentary correspondent, Ukraine's Prime Minister Yevhen Marchuk has said that the issues currently being deliberated upon by the Ukrainian Cabinet of Ministers are part of the measures being implemented by the Ukrainian Cabinet of Ministers in order to stabilize agricultural production in Ukraine.

Mr. Marchuk was speaking on February 14 at a session of the Ukrainian Verkhovna Rada [Supreme Council]

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which discussed the issue of creating a legislative basis for stabilizing agricultural production in Ukraine and forming food reserves for 1996. Mr. Marchuk informed the session about the decisions adopted by the Ukrainian Cabinet of Ministers at the end of a recent meeting which discussed the problems facing the Ukrainian agricultural sector.

According to Mr. Marchuk, one of the issues at the center of the meeting's attention was progress of preparations towards the spring field work. Mr. Marchuk said that Ukraine's Minister of Food and Agriculture Pavlo Haydutskyy was directed urgently prepare a program of actions aimed at tuning and repairing agricultural equipment and providing rural areas with fertilizers and pesticides. He also said that the Ukrainian Finance Ministry has been directed to provide funds for financing measures aimed at providing spare parts for agricultural equipment.

As the Ukrainian prime minister told the parliamentary session, the Ukrainian Cabinet of Minister has adopted more than 10 documents on the issue. They include a decree stipulating allocation of 5 trillion karbovanets for repairing agricultural equipment. He disclosed that 1 trillion karbovanets out of that sum has already been allocated. He also disclosed that the Ukrainian Cabinet of Ministers adopted a decision to allocate 25 trillion karbovanets for purchase of equipment, about 23 trillion karbovanets for providing rural areas with mineral fertilizer and purchasing 1.5 billion cubic meters of natural gas. The Ukrainian Cabinet of Ministers also adopted a decree on lowering the rate of import duties on items considered as critical imports for rural areas and increasing the rate of import duty for food products. In accordance with another Cabinet of Ministers decision, 75 million dollars is to be allocated for purchase of herbicides and 1,000 modern combine harvesters.

The parliament also discussed the fate of a 100-million-dollar credit. The Ukrainian prime minister said that in accordance with the conditions set by the creditors, the credits will not be provided in cash but in the form of light petroleum products. He added that the Ukrainian Cabinet of Ministers is currently developing a distribution mechanism that will ensure that the fuel is delivered directly to the rural areas, bypassing middlemen.

Mr. Marchuk, however, added that the Cabinet of Ministers cannot adopt a final decision on financing the measures until Ukraine's 1996 budget is adopted.

Ukraine: Kherson Oblast Expands Economic Ties With Turkey

AU1602101996 Kiev URYADOVYY KURYER in Ukrainian 13 Feb 96 p 5

[Report by Inna Kosyanchuk: "There Will Be an International Airport"]

[FBIS Translated Text] Kherson Oblast is expanding its external economic ties. The Turkish firm "Resco Budexpo International Ltd" will soon open a permanent exhibition and a wholesale supermarket in the oblast center. It will sell building materials, products of automobile industry, and textiles It is noteworthy that, to that end, the Turkish partners have undertaken to complete one of the long outstanding projects — the Post Office near the railroad station.

In the future, through the joint Ukrainian-Turkish enterprise "Turinvest," goods will be supplied to Kherson from Europe and the Far East. A Ukrainian supermarket will be opened in a Turkish town and will sell products of Kherson enterprises.

One more international project is under discussion — on founding a joint airline that would fly between Kherson and Turkish cities. Specialists at the Oblast State Administration expect that not only will this boost Kherson Oblast's economy, but will also open up new opportunities for foreign investment.

The Kherson state enterprise "Universal-Avia" is also interested. It has commissioned the "Ukraviaproekt" scientific research institute to design the international area at "Kherson" Airport.

Ukraine: State Property Fund Introduces Compensation Certificates

WS1602102596 Kiev INTELNEWS in English 0242 GMT 16 Feb 96

[FBIS Transcribed Text] Kiev, Feb. 15 — Starting today, Ukrainian citizens who saw much of their savings wiped out by the 1992 to 1994 hyperinflationary period will be able to redeem tradable compensation certificates at local Oshchadniy (Savings) Bank branches, the State Property Fund [SPF] announced.

The new certificates, which come in KBV1 [karbovantsi] million and KBV2 million denominations, will be available for the rest of the year and can be either sold for cash, or, starting in April, used to purchase as shares in privatizing companies.

"The introduction of compensation certificates will accelerate the pace of medium and large-scale privatization in 1996," according to the SPF.

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Ukraine: Government Proposes Restructuring Mining Industry

AU1502171396 Kiev HOLOS UKRAYINY in Ukrainian 13 Feb 96 p 3

[Report by Serhiy Lavrenyuk: "At Last, Miners Will Also Benefit From Restructuring" — first paragraph published in a box]

[FBIS Translated Text] Restructuring of the coal industry will be one of the consequences of the current miners' strike, for there is a widespread opinion that, had the structural changes in the branch been started earlier, there would have been no strike. Nevertheless, despite the numerous statements [by Prime Minister Marchuk] to the effect that the budget does not owe the miners anything, the state has actually been compelled to channel considerable funds into the industry. It looks, however, that in the future neither the government nor the president are going to reconcile themselves to such a situation. A few days ago, a presidential edict was made public: "On Restructuring the Coal Industry," which envisages the creation of a competitive environment in the coal branch.

In the near future, on the basis of mines and other structural subdivisions that have no status of juridical entity and are parts of various associations, state enterprises will be created — juridical entities. Moreover, facilities whose activity is not associated with coal extraction or processing will be separated from coal-extraction and coal-concentration state enterprises.

By 1 September 1996, it is planned to carry out corporatization of state enterprises that belong to the sphere of management of Ukraine's Ministry of Coal Industry and transform those enterprises into open state joint-stock companies, state joint-stock companies, and state holding companies.

Not subject to corporatization will be unprofitable enterprises mines (open pits) that are scheduled for closedown and whose property will not be transferred to fixed assets of joint-stock companies or holdings. At the same time, Ukraine's Ministry of Coal Industry will offer unprofitable state enterprises — mines — for leasing or privatizing.

Authorized persons appointed by Ukraine's Ministry of Coal Industry will control shares of open joint-stock companies and holdings. In view of this, Ukraine's Ministry of Coal Industry, jointly with the Ministry of Economy and the State Property Fund, must work out a procedure for controlling shares of structures that are being created.

Open state joint-stock companies and holdings will enjoy the right to sell their products independently at contract prices. Declaration of prices of such products on Ukraine's domestic market will only be required if their level exceeds the level of prices on the world market.

To relieve the burden of coal enterprises, it is envisaged, over 1996 and the first six months of 1997, to transfer to communal ownership facilities of social infrastructure that were maintained by mines. Apart from that, in 1996 it is planned to introduce rent payments for coal, and their size will depend upon the mining and geological conditions at coal deposits.

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Belarus

Belarus: Lukashenka Message Commemorating End of Afghan War

LD1502215496 Moscow INTERFAX in English 1900 GMT 15 Feb 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] "From now on, not a single Belarussian soldier will fight and by definition, die in other countries," [President] Lukashenka said in an address to the nation on Thursday timed to coincide with seven years since Soviet pullout from Afghanistan. It was read out by presidential aide Valeriy Voronetskiy at a rally to mourn the memory of soldiers dying in the Afghan war. IF Note: Under a presidential decree, February 15 is to be marked as the Remembrance Day of servicemen who lost their lives fighting in other countries. In the ten years of the Afghan war the former Soviet Union lost 13,833 soldiers, 769 of them Belarussians. Over 50,000 Soviet soldiers were injured and about 70,000 suffered from various diseases.

Belarus has about 30,000 veterans of the Afghan war which involved little under 1 million Soviet citizens.

Voronetskiy said the president endorsed a directive on social security benefits to the war veterans giving the cabinet three months in which to draw up an appropriate program. The government was also instructed to work out a special program of medical aid and rehabilitation for the Afghan war veterans.

Lukashenka reaffirmed that the veterans would have the priority right to improve their housing conditions allocating some $340 million as relief benefit to the dependants of the dead servicemen and a DM 50,000 to help war veterans get medical treatment abroad.

Speaking at the rally, Prime Minister Mikhail Chyhir described the Afghan war as insensible and stupid slaughter. Expressed regret that the government was unable to reward the veterans in a proper way because of the country's economic hardships. "But it will do everything possible to achieve just that," the prime minister said.

For his part, Deputy Parliament Speaker Vasiliy Novikov called for proper legislation in respect of the war veterans, but he did not elaborate.

Russian Deputy Prime Minister Aleksey Bolshakov is due to arrive in Minsk on Friday, but "no agreement will be signed as Bolshakov's is a working visit," Chyhir told INTERFAX after the rally.

He said discussion would be centered on finalizing draft agreements to be signed during Lukashenka's two-day visit to Moscow due to start on February 27.

Chyhir said the agreement on settling each other's debt following the disintegration of the former Soviet Union has the chance of being signed. But there can be a stumbling block in signing one other agreement on servicing Minsk's gas bill to Russia, now running at over $600 million. IF Note: Bilateral trade and economic relations, economic integration, price policy and the CIS customs union are expected to dominate the agenda of the Yeltsin-Lukashenka summit in Moscow.

After the summit Lukashenka plans to fly out to Russia's Tyumen region to examine the Siberian oil and gas complex.

Belarus: Lukashenka Appoints Chairman of State Press Committee

WS1602091796 Minsk BELAPAN in English 0802 GMT 16 Feb 96

[FBIS Transcribed Text] According to a Presidential Decree, Uladzimir Bielski, a journalist, writer and political analyst, has been appointed as chairman of the State Committee for Press. Mr Bielski (40) was born in the Homel Oblast. He graduated from the Belarusian State University and the Russian Academy of Management. He began his journalist career in the Kalinkavichskiy rayon newspaper. He also worked as staff writer in SOVETSKAYA BYELORUSSIYA and ZNAMYA YUNOSTI. Prior to his present appointment, he headed the CHYRVONAYA ZMENA newspaper.

Belarus: Lukashenka Appoints National Bank Board Members

WS1602091896 Minsk BELAPAN in English 0802 GMT 16 Feb 96

[FBIS Transcribed Text] On February 15 President Alyaksandr Lukashenka signed Decree No. 77 on the appointment of Tamara Vinnikava as chairman of the management board of the Belarusian National Bank. Prior to this appointment, Mrs Vinnikava headed the joint-stock Savings Bank "Belarusbank." According to Presidential Decree No. 78 dated February 15, Mikalay Korbut was appointed as first deputy chairman of the National Bank management board. Now these appointments are to be submitted for approval by the Supreme Soviet.

Belarus: Sharetski Opposes Lukashenka Decree on Local Soviets

WS1602091996 Minsk BELAPAN in English 0802 GMT 16 Feb 96

[FBIS Transcribed Text] On February 15 Supreme Soviet Chairman Syamyon Sharetski met with President Alyaksandr Lukashenka to discuss the destiny of the

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local Soviets that failed to be elected in legitimate strength, and that were liquidated according to the Presidential Decree "On the Reforming of the Bodies of Local Government and Self-Government" dated from September 19 last year. Mr Sharetski told the President that by issuing such a decree the latter had acted in violation with legislation, and that both branches of power should combine efforts to find a way out of the situation. The meeting resulted in an agreement about a joint conference next week with the President, leaders of the Supreme Soviet, parliamentary factions and regional and district Soviets in attendance. As Mr Sharetski said, the objective of this conference is "to look for a way out of the impasse in a constructive manner and without a fuss."

Belarus: Official Opposes Abolition of Constitutional Court

WS1602092196 Minsk BELAPAN in English 0802 GMT 16 Feb 96

[FBIS Transcribed Text] On February 14 Constitutional Court Chairman Valeryy Tsikhinya gave a press conference on the occasion of the issuance of the Constitutional Court's Message to the President and the Supreme Soviet On the State of Constitutional Law in the Republic of Belarus in 1995. The press conference was also attended by Mikhail Chudakow, an expert at the Court who, according to Tsikhinya, made the greatest contribution to the preparation of this message. Commenting on the document Mr Tsikhinya stressed that one of the main tasks ensuing from the Constitutional Court's decisions was the reconsideration of the Law on the Supreme Soviet, on the President, and on the Cabinet of Ministers in accordance with the judgments the Court had made. Of particular interest were comments by the Constitutional Court chairman on a suggestion recently made by Supreme Soviet Deputy Chairman Yuryy Malumaw about the expediency to abolish the Constitutional Court. Moreover the new deputy chairman of the Presidential Administration, Alyaksandr Abramovich, in some journalists' opinion, tries to legally substantiate this suggestion. If the Constitutional Court is abolished, Mr Tsikhinya said, the most important principle of a law-ruled state — balance between the branches of power — will be upset.

Belarus: Economic Commission With Russia Meets in Minsk

LD1602112796 Moscow Radio Rossii Network in Russian 1000 GMT 16 Feb 96

[FBIS Translated Text] A session of a joint Belarussian-Russian economic commission is under way in Minsk. The Russian delegation is headed by Deputy Prime Minister Aleksey Bolshakov. Our correspondent Yuriy Svirko reports from Minsk:

[Svirko] The main purpose of this session is to prepare for Belarussian President Alyaksandr Lukashenka's visit to Moscow which is planned for the end of February. The implementation of the protocol on the results of the meeting between Lukashenka and Yeltsin in Minsk last year, last February, is on the agenda. It also plans to examine drafts of three intergovernment agreements on the concept of trade and economic relations between Belarus and Russia, on price policy and on joint actions in 1996 aimed at minimizing and overcoming the consequences of the Chernobyl disaster. Though, opening the session, Aleksey Bolshakov stated that the Russian side does not have any claims to Belarus, the agenda includes the issue of settling mutual claims of a financial and economic nature. The meeting of the joint Belarusian-Russian commission is expected to last until Saturday.

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Tajikistan

Tajikistan: Opposition 'Militants' Kill Regional Security Head

LD1602070896 Moscow ITAR-TASS in English 0648 GMT 16 Feb 96

[By Galina Gridneva]

[FBIS Transcribed Text] DUSHANBE February 16 (ITAR-TASS) — The head of the Tajikabad regional security department of Tajikistan Khodeiberdy Ibodov was killed by opposition militants in the Garm region of the Central Asian republic, Tass learned from the Interior ministry on Friday.

Two of his colleagues were wounded and one remained unhurt when their car was ambushed on Thursday [15 February] on the Dushanbe-Garm highway 160-170 kilometres north-east of the Tajik capital.

Police said investigation was underway.

Tajikistan: Commander: CIS Peacekeepers Ready To Fulfill Tasks

MM1502145096 Moscow KRASNAYA ZVEZDA in Russian 15 Feb 96 pp 1, 3

[Interview with Lieutenant General Viktor Zavarzin, commander of CIS Collective Peacekeeping Force in Tajikistan, by Captain Nail Gafutulin; place and date not given: "The Inter-Tajik Conflict Cannot Be Extinguished Without the CIS Collective Peacekeeping Force. Lieutenant General Viktor Zavarzin, the New Commander of the CIS Collective Peacekeeping Force, Replies to KRASNAYA ZVEZDA's Questions"]

[FBIS Translated Text] From KRASNAYA ZVEZDA's file:

V.M. Zavarzin was born in Kursk Oblast in 1948. In 1981 he graduated from the M.V. Frunze Military Academy and in 1992 from the General Staff Military Academy. He has rich experience of service in Central Asian regions. From 1993 through 1994 he headed the Joint Russian-Turkmen Command of Armed Forces in Turkmenia.

At the CIS Heads of State Council on 19 January 1996 he was appointed commander of the CIS Collective Peacekeeping Force in Tajikistan.

[Gafutulin] Viktor Mikhaylovich, the attention of many people is now riveted on the events in Tajikistan. The situation has been inflamed in the extreme by antigovernment actions in Tursunzade and Kurgan-Tyube.... What, in your view, will happen next?

[Zavarzin] The situation in the republic has been exacerbated by the population's dissatisfaction with the government's policy, the deepening socioeconomic crisis, and the ongoing inter-Tajik conflict. Precisely this could account for the actions of supporters of Ibod Boymatov and Makhmud Khudoyberdyyev, commander of the 1st Brigade of Tajikistan's Ministry of Defense. The conflict has now been settled. But, on the whole, the situation in the republic remains very complex. There are continuing border violations, particularly in the Kalay-Khumb and Shuroabad areas. Opposition forces are continuing to step up combat operations in Gorno-Badakhshan, in Tavildarinskiy Rayon.

This situation convinces me that the approaches to a peace settlement on which the opposing sides have built their relations must be qualitatively revised. Not just words are needed but practical steps and compromises. Perhaps the organization of a joint council or consultative organ.

I know that the Tajik Government is activating its position in this area. This is gratifying because, if you go back in history, all conflicts have been resolved at the peace talks table. Any other way has no prospects.

[Gafutulin] It is known that there was a serious discussion of the situation in Tajikistan at the recent Moscow meeting of Commonwealth heads of state. Is it true that Emomali Rakhmonov was almost warned: This is the last time we are extending the powers of the Collective Peacekeeping Force?

[Zavarzin] There was, of course, quite confident talk of a warning.... But I can confirm that a number of statesmen really did complain of the sluggishness of the talks process. But after a pointed debate almost all the heads of state arrived at the opinion that the peacekeeping force must remain in Tajikistan. Naturally, the time scale was also defined. This obliges the government and the opposition to continue the talks process with redoubled vigor.

[Gafutulin] The armed opposition's news sources have recently been accusing the Collective Peacekeeping Force of violating the armistice. How do you perceive such charges?

[Zavarzin] Such statements are advantageous only to the "wing" of the opposition which does not have an interest in the peacekeeping force's presence in Tajikistan or in the peaceful settlement of the inter-Tajik crisis. I declare yet again that the Collective Peacekeeping Force does not support any of the sides involved in the conflict. We act on the basis of the CIS mandate and never exceed the powers given us. The present standoff in Tavildarinskiy Rayon and other rayons is the prerogative of Tajikistan's leadership and its power

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structures. They are investigating with their own forces, according to their own constitution and their own laws.

Moreover, I can reveal the reason for such charges. Yes, the Collective Peacekeeping Force really does have within it operational units and subunits which fulfill the task of giving the border guards echeloned support. But here, if you like, we return fire only in self-defense. This approach was confirmed by the events during the recent crisis in Kurgan-Tyube and Tursunzade. I personally drove out to negotiate with Colonel Khudoyberdyyev. We managed to find a compromise solution. Without a single shot being fired, by means of peace talks.

[Gafutulin] But what if the intransigent opposition wants to prevent the talks process by armed means?

[Zavarzin] The "intransigents'" main forces are in Afghanistan. Yes, they are also in the Garm group of rayons: in Vanch, Tavildara, and Khorog. It is, of course, necessary to negotiate with them and find compromise solutions. Accordingly, I will participate, within the framework of my powers, in the talks process with regard to stabilizing the situation and will meet with the opposition leaders. We have already done definite groundwork. I am optimistic.

[Gafutulin] According to the Treaty on the Collective Peacekeeping Force, Kazakhstan, Uzbekistan, and Kyrgyzstan must be represented on the force by regiments. But so far only Russia is fulfilling its obligations in full. Do the other participating countries intend to increase their military contingents?

[Zavarzin] Indeed, so far only Russia is fulfilling its obligations to the peacekeeping force. A decision by the CIS heads of state sets the contingent of the Collective Peacekeeping Force at 16,000 men. At the present time its strength is far smaller. In individual rayons, particularly this side of the Pamir Mountains, where the situation has been exacerbated, the peacekeeping force is unable in practice to control the situation with its present makeup.

[Gafutulin] How do you rate the combat readiness of the subunits and units of the Collective Peacekeeping Force?

[Zavarzin] The Collective Peacekeeping Force is ready to fulfill the tasks set it. This applies to all subunits: the Kazakh battalion, which is in the Kalay-Khumb area; the Uzbek battalion, which is covering the western area of the Tajik-Afghan border; and the Kyrgyz battalion.

Certain problems still exist, however. In order to maintain the troops in the appropriate manner, we have drawn up a long-term plan to maintain the combat readiness of the units and subunits of the Collective Peacekeeping Force. We devote a lot of attention to reconnoitering and practical training drill on the terrain. During a recent visit to Tajikistan Russian presidential aide Yuriy Baturin verified the combat readiness of the 201st Division and its cooperation with Russian border guards and gave it a high rating.

[Gafutulin] It is known that the command of the Collective Peacekeeping Force has repeatedly proposed stationing peacekeeping forces in Tavildarinskiy Rayon. But it was rejected. Maybe the present talks process would have developed more successfully if the sides had agreed to this proposal?

[Zavarzin] Yes, the question of allocating an additional peacekeeping contingent to the Tavildara region has been discussed more than once. But for some reason it has been held up. In the very near future I will prepare another petition relating to this issue. Admittedly, I must point out that the forces and resources now at my disposal are plainly inadequate to allocate an extra battalion to that region. But if this decision is adopted, this really will make it possible to stabilize the situation in the republic.

[Gafutulin] One more question relating to the "history" of the Collective Peacekeeping Force: Will it obtain a UN mandate?

[Zavarzin] At the Heads of State Council the president of Uzbekistan proposed submitting a petition for the Collective Peacekeeping Force to be granted UN status and mandate. The proposal was approved. Only it must be understood that obtaining a UN mandate is a lengthy process.

Naturally, the Commonwealth Heads of State Council will work in this area. But for now we are guided by the CIS countries' mandate. It largely coincides with the basic UN peacekeeping principles and rules. My position as commander of the Collective Peacekeeping Force is this: Regardless of status, the presence of the peacekeeping force in Tajikistan is obligatory at the present stage. It really does contribute to the peaceful settlement of the inter-Tajik crisis. At present we have no alternative.

Turkmenistan

Turkmenistan: Niyazov's Medical Exam, Visit to Turkey Recounted

LD1502205796 Ashgabat TURKMEN PRESS in Russian 1530 GMT 14 Feb 96

[FBIS Translated Excerpt] Istanbul, 11 Feb (TURKMEN PRESS) — President Saparmurad Turkmenbashy [Niyazov] of Turkmenistan arrived at his residence after

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undergoing examinations at a medical center in Istanbul 7-11 February. Doctors at the Istanbul medical center said that Saparmurad Turkmenbashy had no serious health problems. This information was circulated by the Turkish mass media on various channels.

The official part of the visit to Turkey by Saparmurad Turkmenbashy began on 11 February. The Turkmen leader held a number of meetings and talks on that working day. These started with a meeting with Professor Umyt Aker and Dr. Sinan Ozbayrakci, doctors of the Istanbul medical center. The doctors informed President Turkmenbashy that he had no serious health problems and wished him good health. Saparmurad Turkmenbashy expressed his profound gratitude to doctors for their warm reception and care during the medical examination. [passage omitted]

12 February: Saparmurad Turkmenbashy arrived in the capital of Turkey on an official visit. He was warmly met by Turkish President Suleyman Demirel and other leaders of the state at the steps of the plane. The heads of the two states had a brief conversation in the hall for senior guests at the airport. [passage omitted]

Then Saparmurad Turkmenbashy arrived at Cankaya [name as transliterated] Palace, where he was met by Turkish President Suleyman Demirel and other officials. [passage omitted]

The heads of the two states had a tete-a-tete at the end of the welcoming ceremony. The presidents exchanged views on important problems of regional and world policy. The heads of state said they were please their views coincided on the issues discussed. The presidents also voiced their respect for each side's chosen policy: Turkmenistan's participation in international relations as a neutral state and Turkey's endeavor to become a member of the European Community.

Important issues of political, economic, and cultural cooperation were thoroughly discussed during the meeting. The talks were then continued with the participation of each side's state delegation. A number of accords were reached in the course of these talks on further broadening and improving economic cooperation; stepping up the activity of the working council for strengthening Turkmen-Turkish relations; and intensifying cooperation in the sphere of trade, culture, science, education, and tourism.

Especially significant in the course of the summit talks was the signing of a communique by Saparmurad Turkmenbashy and Suleyman Demirel, heads of the two states, on the main directions for broadening long-term cooperation between Turkmenistan and Turkey. [passage omitted]

13 February: The second day of the official visit to Turkey by President Saparmurad Turkmenbashy of Turkmenistan started with a meeting with the Minister of Foreign Affairs Deniz Baykal. During this meeting the Turkish minister of foreign affairs emphasized that the achievement of the status of permanent neutrality by Turkmenistan had become an important political event not only in the region, but also throughout the world, which in itself will help improve international cooperation.

Baykal also stressed that Turkey regarded this international law as Turkmenistan's deserved victory in the first years of independence.

Continuing the meeting, the Turkish minister of foreign affairs spoke about the future of Turkmen-Turkish relations, expressing confidence that these fraternal relations will bear fruit for both states.

President Saparmurad Turkmenbashy of Turkmenistan stressed that a new stage in cooperation between the two peoples had started. During the meeting, the tasks of the ministries of foreign affairs in the field of strengthening mutually beneficial cooperation were discussed. In connection with this, the importance of holding consultations and meetings at various levels was mentioned.

Then the head of our country Saparmurad Turkmenbashy met Turkish Prime Minister Tansu Ciller. Ciller again congratulated Saparmurad Turkmenbashy and the whole Turkmen people on achieving the status of permanent neutrality. During the meeting, an agreement on setting up a special working group to ensure successful construction of the gas pipeline to Europe was reached. [passage omitted].

After President Saparmurad Turkmenbashy of Turkmenistan's businesslike and fraternal meetings, he left for Esenboga Airport. President Demirel of Turkey and other officials accompanied the highly esteemed Saparmurad Turkmenbashy to the airport.

President Saparmurad Turkmenbashy of Turkmenistan returned to Ashgabat the same day.

Turkmenistan: Defense, Security Council Holds Expanded Session

LD1502201496 Ashgabat NEYTRALNYY TURKMENISTAN in Russian 3 Feb 96 p 1

[Report from the expanded session of the State Council for Defense and National Security held on 2 February in Ashgabat — by TURKMEN PRESS correspondents K. Ballyyev and G. Kakabayev]

[FBIS Translated Excerpt] Ashgabat, 2 Feb — An expanded session of the State Council of Defense

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And National Security, chaired by Turkmen President Saparmurad Turkmenbashy [Niyazov] took place today. Taking part were the heads of the Ministry of Defense, of the Committee for National Security, the Ministry of Internal Affairs, the Border troops Directorate, the Prosecutor General's Office, the Supreme Court, and the Ministry of Justice of Turkmenistan. [passage omitted]

The session discussed and adopted a number of resolutions, among them resolutions on improving the activities of the national security and internal affairs bodies; of the bodies under the prosecutor's office; a resolution on opening border checkpoints; on forming a general military and a general transport prosecutor's office under the prosecutor general's office; on approving regulations by the State Committee for Material and Technical Provision of Turkmenistan's military complex; on approving regulations on material allowances for servicemen; on approving regulations on supplying the Armed Forces with food; a resolution on setting up sanitary and technical departments of the Armed Forces of Turkmenistan; on military banners for military units; on approving military uniform and badges of rank in the Armed Forces of Turkmenistan; plus a decree on the Prosecutor's Office of Turkmenistan, and so on.

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Azerbaijan

Azerbaijan: Presidential Aide Rasulzade Appointed

NC1502191596 Baku Radio Baku Network in Azeri 1700 GMT 15 Feb 96

[FBIS Translated Text] Artur Tahiroglu Rasulzade was appointed aide to the Azerbaijani president by a decree signed by the Azerbaijani president on 15 February 1996.

Azerbaijan: Aliyev Receives Estonian Foreign Minister

NC1502192996 Baku Radio Baku Network in Azeri 1700 GMT 15 Feb 96

[FBIS Translated Text] Today, Azerbaijani President Geydar Aliyev received Estonian Foreign Minister Siim Kallas, who is on a visit to our country.

Noting that this is the first Estonian government delegation to visit Azerbaijan since independence, Aliyev said that the multifaceted development of the longstanding economic and cultural relations between our countries is necessary now more than ever.

In conveying the Estonian president's personal greetings to Aliyev, Kallas expressed his views and wishes on the future development of ties between the two republics.

Many issues relating to cooperation between the two countries were discussed at the meeting.

Azerbaijan: Azerenergy President, Turkmen Power Minister Meet

NC1502201596 Baku Radio Baku Network in Azeri 1700 GMT 15 Feb 96

[FBIS Translated Text] Muslim Imanov, president of the Azerenergy state company, met with Saparmurat Nuriyev, minister of power, engineering and industry of Turkmenistan. The leaders discussed the possibility of multifaceted cooperation between the two countries.

Georgia

Georgia: Ardzinba's Protocol on Abkhaz Settlement Detailed

LD1502224896 Moscow INTERFAX in English 1958 GMT 15 Feb 96

[FBIS Transcribed Text] MOSCOW, Feb 15 (INTERFAX) — The leader of the self-proclaimed Abkhazian republic, Vladislav Ardzinba, has drafted a protocol on a Georgian-Abkhazian settlement which provides for a federal union of the two sides.

The document, of which INTERFAX has a copy, declares readiness "to live in conditions of a federal union within the December 21, 1991 borders of the Georgian Soviet Socialist Republic."

"Each of the two equal sides shall keep its constitution, and relations between them shall be regulated by a special treaty, which under agreement of the sides can have the force of constitutional law," the protocol says.

Ardzinba wants the sides to coordinate their foreign policies and foreign economic relations, the operation of border and customs services, power engineering, transport and communications, and to protect the environment as well as guarantee human and civic rights and freedoms, and the rights of ethnic minorities.

The protocol implies that under a mutual agreement, Georgia and Abkhazia could enlarge the list of coordinated policies. In these spheres the sides shall have the right to form joint bodies.

After the protocol is signed the organized return of refugees will resume in keeping with the April 4, 1994, quadripartite agreement, primarily to the Gali region of Abkhazia.

The Abkhazian side confirms its responsibility for the security of returning refugees, while the Georgian side should take effective steps to prevent the infiltration of Abkhazia by groups of terrorists and saboteurs, armed formations and persons.

To create conditions for the return of the refugees and improve living conditions of war victims, the Abkhazian and Georgian sides shall appeal to Russia to introduce normal customs and border regulations immediately after the ratification of the protocol by the parliaments of Georgia and Abkhazia, and help organize railway, air and other traffic, and the steady functioning of the power system.

The protocol also voices the willingness of the sides to join the customs union of Russia, Belarus and Kazakhstan.

The document should be signed by the president of Georgia and the leader of Abkhazia.

Georgia: Ardzinba Opposes Changes in Russian Troops' Mandate

LD1602002296 Moscow ITAR-TASS World Service in Russian 1547 GMT 15 Feb 96

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Translated Text] MOSCOW, 15 Feb (ITAR-TASS) — The Abkhazian leader, Vladislav Ardzinba, has expressed his high opinion of the role of Russia's peacekeeping forces, but objected to entrusting them with policing functions. Ardzinba said this today at

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a news conference held in Moscow on settling the Georgian-Abkhazian conflict. He said Russia and its peacekeeping troops had managed to put out the fire of the armed confrontation and switch to political methods in settling the conflict.

Asked by an ITAR-TASS correspondent about the expediency of changing the mandate of Russia's peacekeeping forces, Ardzinba said the Abkhazian party would not give its consent to changing the force's functions. He believes any changes in the peacekeeping forces' status will eventually lead to an increase in tension in the region, and that will make it difficult to find a peaceful solution to current problems and result in armed confrontation. It would be especially dangerous to take such a step now, when, in his view, a rapprochement between the two parties has just begun to take shape regarding the future federation union.

Georgia: Shevardnadze Guarantees Safety of Uzbek Goods

LD1502215596 Moscow INTERFAX in English 1900 GMT 15 Feb 96

[From the "Presidential Bulletin" feature: compiled by Anna Kovaleva, Nikolay Zherebtsov, Andrey Petrovskiy, and Boris Yunanov]

[FBIS Transcribed Text] Georgia guarantees the safety of goods from Central Asia transported across its territory, President Eduard Shevardnadze told a delegation of Uzbekistan Thursday.

The delegation came to Tbilisi to sign an agreement on transit railway transportation of goods.

Shevardnadze hoped the new transit route would promote relations between his country and other CIS members, Uzbekistan in particular.

According to Georgian government sources, Uzbekistan is extremely interested in exporting raw materials, primarily cotton, to Western Europe along the shortest route across Azerbaijan and Georgia. At the initial stage 4-5 million tonnes of cargoes could be transported annually.

Georgia: 'Sharp' Decline Seen in 1995 Exports, Imports

AU1502172996 Tbilisi REZONANS in Georgian 1-2 Feb 96 pp 1, 4

[Report by Mari Tsiqelashvili: "Exports and Imports Dropped in 1995"]

[FBIS Translated Text] Georgia did not intensify its economic activity last year. As figures from the State Department for Socioeconomic Information show, the balance of payments deficit (according to preliminary calculations) amounted to $300 million. In 1994, the deficit was $310 million. Last year saw a sharp reduction in both exports and imports.

There was a sharp deterioration in the country's trade balance between January and November. Foreign trade turnover totalled $407.2 million while the foreign trade balance amounted to minus $148.6 million. During the corresponding period in 1994, these figures were $513.1 million and minus $79.3 million respectively. Furthermore, exports in 1995 amounted to 47 percent of imports compared with 73 percent in 1994.

In spite of this, there was an expansion in the country's foreign trade relations with other countries. Between January and November last year, foreign trade operations were recorded with 68 countries. During the same period in 1994, this figure did not exceed 51.

In 1994, there were six CIS states among the top 10 trading partners. Their share of the overall trade turnover amounted to 80 percent. In 1995, the number of CIS states in the top 10 dropped to four and their share of the trade turnover fell to 44 percent.

During this period, the number of states belonging to the Black Sea Economic Cooperation Organization rose from six to seven in the top 10. Their share of foreign trade rose from 48 percent to 70 percent.

In 1994, the top 10 trading partners accounted for 95 percent of entire trade. In 1995, this figure dropped to 86 percent. Such a change in the concentration of foreign trade with the biggest trading partners is basically explained by the sharp reduction in the import of natural gas from Turkmenistan.

In 1995, Georgia did not export any animal products, zinc and zinc products, watches, nonorganic chemical products, silk, wool, and other goods. On the other hand, it imported both the aforementioned products and other goods, in particular ready woven goods, rugs, footwear, and so forth.

The greatest amount of imported goods were minerals used as fuel and oil and products in branches connected with it (38 percent of total imports). These were followed by sugar and confectioneries (9 percent), tobacco and other tobacco industrial substitutes (6 percent), alcoholic and non-alcoholic beverages, vinegar (5 percent), and so forth.

Ferrous metals (26 percent), alcoholic and nonalcoholic beverages, vinegar (9 percent), coffee, tea, relishes (7 percent), and so forth constituted the biggest share of exports.

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The Share of Trading Partners in Georgia's Foreign Trade (excluding grants, as a percentage)

1994	1995
Turkmenistan — 44.5	Turkey — 24.2
Azerbaijan — 14.5	Russia — 13.9
Russia — 13.2	Azerbaijan — 12.2
Turkey — 13.2	Turkmenistan — 12.0
Armenia — 2.0	Bulgaria — 6.5
Other countries — 12.6	Romania — 5.5
	Armenia — 5.2
	Other countries — 20.5

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Estonia

Estonia: Economic Agreement Initialed With Azerbaijan

WS1602121196 Tallinn BNS in English 1000 GMT 16 Feb 96

[FBIS Transcribed Text] Baku, Feb 16, BNS — Estonia and Azerbaijan initialed Thursday [15 February] an agreement on economic cooperation.

The accord was initialed after a meeting between Azerbaijan's President Geydar Aliyev and Estonian Foreign Minister Siim Kallas, the foreign ministry in Baku told the Russian news agency Interfax.

Kallas had Thursday a meeting with his opposite number in Azerbaijan, Gasan Gasanov, to discuss exchange of information.

Gasanov considered it necessary to exchange information on the political and economic situation in the Near East, Asia and Europe, Interfax reports.

Kallas declared Tallinn was interested in cooperation with new independent states, including Azerbaijan.

The Estonian foreign minister is scheduled to meet during his visit to Azerbaijan also with that country's defense and economics ministers.

Kallas' party includes Parbo Juchnewitsch, the director of the Estonian Railroads company, and financial manager of the Port of Tallinn, Toomas Kitsing.

The foreign minister returns to Tallinn on Saturday.

Estonia: Cabinet Approves Defense Policy Document

WS1602112296 Tallinn BNS in English 1900 GMT 15 Feb 96

[FBIS Transcribed Text] Tallinn, Feb 15, BNS — The Cabinet at its closed-door session on Thursday approved a draft on Estonia's defense policy principles and decided to send the paper to parliament, a government spokesman said.

The draft, drawn up by the Defense Ministry, sets down preventing an aggression against Estonia as the main aim of the defense policy.

It contains provisions requiring civilian control over the armed forces and foresees active and passive resistance with all existing means on the country's whole territory in case of aggression.

Another main area of defense development is cooperation with collective security and defense organizations, such as NATO and the Western European Union.

Estonia's aim is to become a full member of both, the document says.

The country also intends to work closely in defense matters with Lithuania and Latvia.

The draft concept says land forces are the main part of the Estonian defense forces, and gives the air forces and navy — both virtually non-existent — a supporting role.

Estonia: New Parliamentary Right-Wing Nationalist Faction Founded

LD1502200196 Tallinn Radio Tallinn Network in Estonian 1500 GMT 15 Feb 96

[FBIS Translated Excerpt] A new deputies' faction has been set up in the Riigikogu, the Fatherland Alliance and the Right-Wingers, and they gave a news conference today. Uku Toom went along.

[Toom] First, about the aim of setting up the new deputies' group. Here is Toivo Jurgenson, of the Fatherland Alliance.

[Begin Jurgenson recording] We have essentially taken another step in the direction of the right-wing nationalist forces in the Riigikogu organizing themselves better and better. [passage omitted] We have often said that the government coalition has not been working effectively, and the opposition must organize itself better, in lieu, and offer constructive solutions, so as to assist toward positive developments as much as possible in the present Riigikogu. [passage omitted]

Latvia

Latvia: Increase in 1995 Foreign Trade Noted

WS1602112496 Tallinn ETA in English 2052 GMT 15 Feb 96

[From "News Bulletin" No. 29]

[FBIS Transcribed Text] The Central Statistical Bureau of Latvia informs the foreign trade of Latvia increased during 1995.

Compared to 1994, exports increased by 24.4 percent. The European Union received 44.1 percent of all exports, and 38.3 percent went to the CIS nations.

In 1995 the main export was timber and wood related materials /26.4 percent/. Export of these products rose by 61.6 percent or 69.3 million Lats /about 138 million USD/. Textiles, food products, machinery, electrical equipment, and metal products were significant exports. The export of animals and animal products rose by 93.8 percent or 15.3 million Lats.

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Most of the imports came from the EU /49.8 percent/, and 28.2 percent came form the CIS nations.

Imports, compared to 1994, increased by 32.9 percent. In 1994 imports exceeded exports by 25.4 percent, but in 1995 Latvia imported 34.1 percent more than it exported.

Mineral products were the main imports /21.6 percent/. Other important imports were machinery, and electrical equipment /17.4 percent/, chemical products /11.3 percent/, transportation equipment /8.1 percent/. Last year Latvia imported 2.4 times more fat and edible oil products than in 1994, and 2.2 times more wood products.

In 1995, 23.2 percent of foreign trade was with the Russian Federation, and Russia is Latvia's main trading partner; Germany is second /14.7 percent/, followed by Sweden /8.6 percent/, and Finland /7.4 percent/.

Latvia: Vilnius Summons Lithuanian Envoy Over Border Check

LD1502181696 Tallinn Radio Tallinn Network in Estonian 1200 GMT 15 Feb 96

[FBIS Translated Text] Latvian Prime Minister Andris Skele set up a control trip to the Latvian-Lithuanian border and by doing so created tensions in relations between the two countries.

The prime minister, his aide, and Interior Minister Dainis Turlais drove to the Grenctale border checkpoint. Skele promised Latvian borderguards a bribe for allowing people without passports into Latvia, he also planned to bring contraband goods into Latvia. The senior Latvian officials first drove to Lithuanian territory and paid a two-lat bribe to Lithuanian border guards because they did not have a notarially verified letter of authorization for driving the car. On return, when they drowe out of Lithuania, one Lithuanian border guard demanded 500 litas or $50 because they had driven too close to a border barrier, although there were no signs prohibiting this.

This week, Alberts Sarkanis, the Latvian ambassador to Lithuania, was summoned to the Lithuanian Foreign Affairs Ministry for explanations. Albinas Januska, Lithuanian deputy foreign minister, asked for an explanation as to why the Latvian officials conducted an operation on Lithuanian territory without agreeing to it beforehand with the appropriate Lithuanian bodies. After hearing Sarkanis' explanations, the Lithuanian side announced that it no longer saw a problem in the incident, Rihards Mucins, a press secretary of the Latvian Foreign Affairs Ministry, said.

Latvia: Vilnius Satisfied With Explanation of Border Test

LD1502175496 Riga Radio Riga Network in Latvian 1000 GMT 15 Feb 96

[FBIS Translated Text] Following an explanation of last week's experiment on the Latvian-Lithuanian border given by Alberts Sarkanis, the Latvian ambassador to Lithuania, to the Lithuanian Foreign Ministry, the Lithuanian side has stated that it does not see any problem in this incident.

Sarkanis was summoned to the Lithuanian Foreign Ministry on Tuesday, 13 February, and asked to explain why Latvian officials carried out an experiment on Lithuanian territory without its prior coordination with the appropriate Lithuanian services.

Indulis Berzins, the chairman of the Saeima Foreign Affairs Commission, has admitted to the DIENA newspaper that Lithuania had grounds to demand an explanation from Latvia because part of the experiment was carried out on Lithuanian territory.

Lithuania

Lithuania: Brazauskas Gives Annual Report to Seimas

LD1502153096 Vilnius Radio Vilnius Network in Lithuanian 0830 GMT 15 Feb 96

[Speech by Lithuanian President Algirdas Brazauskas to parliament — live]

[FBIS Translated Excerpt] Honorable chairman of the Seimas [parliament] of the Republic of Lithuania, honorable members of the Seimas:

For the annual report to cover the most essential tendencies and facts that describe the development of the Lithuanian state in 1995, an exhaustive version of the report is available in written form. There have been so many important events in our state in one year and, therefore, it is not possible to fit everything into one brief speech. The annual report has been published as a separate book and has been handed to all members of the Seimas and the government. [passage omitted]

The economy is the basis of the life and well-being of the nation and the state and that is why I would like to start my speech by discussing economy and proceed with political issues later.

The Lithuanian GDP which had been disastrously decreasing from 1990 to 1992, increased for the first time in 1994, during the period of radical economic restructuring. The analysis of economic developments

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in 1995 demonstrates that, according to preliminary figures, it increased by approximately 3 or 4 percent.

The structure of the GDP also changed considerably. The share of manufacturing activities decreased from 75 percent in 1991 to approximately 33 percent in 1995, while, the share of services increased from 25 to 67 percent. [passage omitted]

The work of all enterprises is hampered by the shortage of working capital and by the insufficiencies of the market, the crisis of the system of bank settlements, and by the taxation system which does not yet encourage implementing new technologies and making the investment process more active.

The negative balance of foreign trade is predetermined by the traditionally disadvantageous structure of imported goods. Due to the fact that we do not have our own primary energy resources, we are forced to import them. This results in the total foreign trade deficit being in excess of 1 billion litas [$250 million], which amounts to approximately 5 or 6 percent of all trade turnover. As far as other goods are concerned, the trade balance is positive and exports of those goods substantially exceed imports.

The geographic structure of foreign trade is changing. In 1993, the trade with CIS countries amounted to as much as 63 percent of all foreign trade, while 37 percent of the trade was with the Western countries. According to preliminary figures for 1995, trade with the East [CIS states] amounted to 40 percent, while trade with the West amounted to 60 percent. These figures show that there are positive processes going on in industry, the quality of the products is increasing, and new ways to the Western markets are being sought. [passage omitted]

The transport sector is, in general, satisfactory in respect of the demand of the customers. The activities of various kinds in transport are becoming more intensive, except for the railroad. The speed of rail transport switching from Eastern to Western standards is too slow. [passage omitted]

The transitional period which involves almost 30 central and Eastern European countries has highlighted common macroeconomic problems. It would be safe to say that the most severe of them is inflation reflected in the growth of prices.

This phenomenon [inflation] depends on the growth of production costs and the increase in demand. Currently, inflation due to growth in production costs, is typical in Lithuania — the prices are determined by production costs.

In 1995, inflation in Lithuania was nearly 36 percent. Although it exceeded the estimated level by approximately 10 percentage points, it is safe to say that, as far as the inflation is concerned, Latvia and Estonia are not too far ahead: Latvia's is 23 percent, Estonia's 29 percent.

The fact that inflation in 1995 was higher than expected can be explained by two unavoidable decisions: Both financial support to the manufacturers of agricultural produce and the utility tariffs were increased. We had to do this in order to coordinate the interests of the manufacturer and producer. [passage omitted]

Last year, because many new measures regulating prices and farmers' incomes were applied, substantial positive changes took place. The volume of agricultural production increased by nearly 2 percent and payments to farmers for their produce increased by over 60 percent compared to 1994. It does not yet represent a basis for serious investments, but skillful farming and finding of the new markets allows [farmers] to at least break even. [passage omitted]

Every one of us has his own opinion about what happened in Lithuanian banking. I think it is not yet possible to precisely and unquestionably identify the processes which are taking place in the area of banking: Is it a general banking crisis related to the economic decline of the country or it is just a problem of solvency and liquidity in some specific commercial banks. In any event, the confidence of both corporate entities and private individuals in banking has decreased significantly. [passage omitted]

In the current economic circumstances it is not possible to compensate for the losses that people suffered [because of deposits being frozen in bankrupt banks] at once. However, it is being done and it will be done. I would like to say once again that the state will do everything possible so that the people do not suffer.

It would be naive to believe that a crisis in several commercial banks would not have an influence over the interest of foreign businessmen in regard to the opportunities to invest capital in Lithuania. Such a gap cannot be covered by standard propaganda cliches. If we manage to overcome the difficulties, we will be stronger after the crisis than before it and our image will improve worldwide. [passage omitted]

The implementation of last year's budget can be described as satisfactory. In 1995, we failed to collect about 120 million litas ($30 million) of planned revenue, which is 3 percent the budget total. Certainly it affected the financing of the budget-funded organizations. The state owes money to hospitals, higher educa-

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tional establishments, and other organizations, which in turn cannot pay for heating, electricity, and other utilities. The government must look for ways to solve this problem, which has been going on for years. [passage omitted]

The value added and excise taxes generated more than half of all budget revenue. In 1995, we applied strict measures to collect these taxes which is why the results were comparatively good — we collected more of these taxes than was planned.

Nowadays, a proposal to reduce the tax burden is popular but taxes in Lithuanian are not the highest in the world. True, they could be lower if the state could manage to force all, and I mean all, taxpayers to pay them. In other words, the more people there are who pay taxes, the lower the taxes are. [passage omitted]

The head of the government [Adolfas Slezevicius] was replaced recently. Certainly, it is an important event. However, it should not be presented as a drama. State policies do not depend on an individual person, whatever post he may occupy. The planned measures for the restoration of the banks' activities and repayment of people's deposits, for maintaining the stability of the finance system, and for keeping social commitments will be consistently implemented. All these issues will have to be clearly described in the new government's program which will have to approved by the Seimas. I think that the new government will pay specific attention to the implementation of the social commitments which were undertaken earlier, since the living standards and the real income of the people are increasing quite slowly and pensions are small despite their increase.

I have to say openly that honest work has been significantly devalued in our country. The wages for equal work paid to people with the same qualifications often varies by 10 fold or even more. The state sector is no exception. [passage omitted]

The forms of hidden remuneration or additional income, such as allowances, continuing bonuses, and excessively high interest [on deposits] paid to banks' employees, should be eliminated. Some commercial banks became specifically outrageous in abusing the right, given to them by the law, to spend money on administration. Is it normal that the head of a commercial bank earns more in a month than the rector of a university in five years? The results of the banking activities are clearly visible to everyone. That is why we have no choice but to return to the state regulations: To determine the salaries and to regulate the administration expenses and running expenses of the commercial banks. [passage omitted]

It is unfortunate that in my annual report I cannot speak about any improvement in the crime situation since it did not materialize. On the contrary, in 1995 the number of criminal offenses in comparison with 1994 was up 3.7 percent. The total number of grave criminal offenses is growing. This is partially determined by objective reasons: the general economic situation in the country, insufficient financing and availability of technical equipment to the institutions of law and order and the lack of qualified staff. However, the fact that the institutions of law and order exercise almost no coordination of their activities while solving the problems of crime control and prevention, cannot be ignored. Their cooperation with other state power and administration bodies is insufficient. [passage omitted]

Both Lithuania's foreign and domestic policies aim at securing the well-being of Lithuania and its citizens. Now that only a few years are left until the beginning of the third millennium, foreign policy must be assessed from the viewpoint of the next century. [passage omitted]

I see Lithuania in a united Europe which will be implementing coordinated economic, foreign, and security policies. Such Europe would be impossible without Lithuania and other Central and Eastern European countries. Likewise, there can be no united and indivisible Europe which would be integrating only politically and economically and ignoring security considerations. That is why the expansion of NATO should not create new divisions between the countries which voluntarily agreed to create a space for a united Europe. The expansion of the EU and NATO should be a guarantee for partnership, confidence, and cooperation in relations with other European countries which presently are not striving for EU membership. In my opinion, some parts of Europe will soon be different only in terms of the level of their integration into the union and their policies of cooperation.

It would be safe to say that all Lithuania's life until the year 2000, as well as afterwards, should proceed under the sign of the EU. I always devote specific attention to the integration into the EU. I realize that we still have a lot to do and, therefore, in the future I will continue to devote specific attention to this very important area of our activity. I think I will not be the only one to do so.

The society and the state institutions should view all significant decisions from the point of view of integration. Lithuania should be looking for its place in a united Europe very actively. The relations between our state and the EU should be more energetically used for solving specific problems. The pragmatic part of foreign policy should become more and more specialized. The

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process of integration should include more and more state institutions.

We will not turn into citizens of Europe overnight — the process will take some time. However, there should be no warnings about tasks which cannot be solved, about agricultural problems which are impossible to overcome, or about the loss of sovereignty. I am confident that integration into Europe is the most effective way to solve our problems. We will be able to feel secure. Inflation will have to drop to an annual level of 3 percent and our goods will become competitive. Democracy and the standard of human rights and freedoms will be guaranteed. This is not an abstract and unfounded vision — it is the daily life of the EU which we must try to achieve together. The responsibility should be shared not only by myself and the government but also by political parties, mass media, nongovernmental organizations and, of course, the Seimas. We all have to change and keep changing, to learn and keep learning.

In Lithuania, there are a lot of favorable comments about the attempts by the EU to implement four basic freedoms: The freedom of movement of capital, services, labor, and people. I would like to note that not enough has been done yet for our country to become competitive in all four of the above spheres.

The countries of the EU are moving towards economic and monetary union and the criteria for this union also represent the aim for Lithuania's economic reform. Some EU standards, such as those on budget deficit, external borrowing, and stability of the lita have already been achieved by Lithuania last year. The EU is already contributing to the development of Lithuania. I am glad to note that the main political forces in the Seimas have reached agreement on amending Article 47 of the Constitution [ban on sales of land to foreigners]. I am confident that this amendment, which has to be done urgently, will play a very positive role in attracting foreign investors and partners and in forming a positive image of Lithuania in the world.

I believe that Lithuania will start negotiations on EU membership in 1997 or 1998. The ratification of our EU membership treaty should also start before the end of this century. [passage omitted]

Free crossing of the border by the Lithuanian citizens is one of the most important tasks of our foreign policy. The talks on this subject have proceeded with difficulty so far. I think that now that we have technical possibilities for this, we have to consider unilateral removal of the visa regime for the citizens of all European countries. This would bring Lithuania a great deal of practical benefit and would demonstrate to Europe our good will and our determination. [passage omitted]

Lithuania's success in implementing human rights and democracy in unquestionable. Lithuania does not have territorial problems with its neighbors and good relations with them have been strengthened by the interstate agreements. The relations with national minorities in Lithuania are based on European standards. These facts attest to the political maturity of our state and represent a firm basis for Lithuania to aim at the status of nonpermanent member of the UN Security Council in 2001. [passage omitted]

Lithuania: Brazauskas Considers Poland 'Trustworthy Partner'

WS1602121296 Tallinn BNS in English 1000 GMT 16 Feb 96

[FBIS Transcribed Text] Vilnius, Feb 16, PAP-BNS — In his annual report on the condition of the state, Lithuanian President Algirdas Brazauskas said that Poland was Lithuania's trustworthy partner and good neighbour.

Delivering his report in the Lithuanian parliament on Thursday, the President said that important was the awareness that Lithuania had Poland, a trustworthy partner and good neighbour, in the processes of implementing reforms and getting integrated with Europe.

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